

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

**Unaudited Financial Statements And Dividend Announcement for the first quarter and three months ended 30 September 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	First Quarter Ended		+/- %
		30 Sep 2018 RM'000	30 Sep 2017 RM'000	
Turnover		124,931	117,054	7
Cost of services		(80,771)	(76,426)	6
<b>Gross profit</b>		44,160	40,628	9
Interest income		402	272	48
Other losses – net		(1,866)	(1,054)	77
Distribution and marketing costs		(1,744)	(1,111)	57
Administrative costs		(19,868)	(17,145)	16
Finance costs		(5,675)	(2,072)	174
Share of results of associates		-	-	NM
<b>Profit before tax</b>		15,409	19,518	(21)
Tax		(6,645)	(5,733)	16
<b>Total profit</b>		8,764	13,785	(36)
<b>Other comprehensive income</b>				
Item that may be reclassified subsequently to profit or loss:				
Currency translation difference arising from consolidation				
- Gains		2,214	6,116	(64)
- Reclassification		-	1,764	(100)
<b>Total comprehensive income</b>		10,978	21,665	(49)
<b>Profit/ (loss) attributable to:</b>				
Equity holders of the Company		10,648	13,786	(23)
Non-controlling interests		(1,884)	(1)	NM
		8,764	13,785	(36)
<b>Total comprehensive income/ (loss) attributable to:</b>				
Equity holders of the Company		13,005	21,667	(40)
Non-controlling interests		(2,027)	(2)	NM
<b>Total comprehensive income</b>		10,978	21,665	(49)

NM - Not Meaningful

**1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year.**

The Group's total comprehensive income for the financial period is derived after charging/ (crediting):

	Note	First Quarter Ended		+/- %
		30 Sep 2018 RM'000	30 Sep 2017 RM'000	
Share-based payment expenses		526	-	100
Depreciation		6,971	5,291	32
Allowance/(Write back of allowance) for impairment of trade and other receivables - net		83	(3)	NM
Foreign exchange loss/ (gain)				
- realised		2,389	2,221	8
- unrealised		1,110	(134)	NM
Fair value gain on financial derivatives:				
- unrealised		-	117	(100)
Loss on disposal and write-off of property, plant and equipment		-	3	(100)

*NM - Not Meaningful*

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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.**

	<b>Group</b>		<b>Company</b>	
	<b>As at 30 Sep 2018 RM'000</b>	<b>As at 30 Jun 2018 RM'000</b>	<b>As at 30 Sep 2018 RM'000</b>	<b>As at 30 Jun 2018 RM'000</b>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash at bank and on hand	92,082	58,891	16,290	4,962
Trade and other receivables	46,664	45,401	47,496	51,698
Tax recoverable	1	1	-	-
Inventories	14,411	14,029	-	-
Other current assets	12,123	10,820	135	120
	<b>165,281</b>	<b>129,142</b>	<b>63,921</b>	<b>56,780</b>
<b>Non-current assets</b>				
Other non-current assets	631	484	301	161
Investments in associated corporations	15	15	34	33
Investments in subsidiaries	-	-	633,734	637,126
Property, plant and equipment	462,904	459,595	758	779
	<b>463,550</b>	<b>460,094</b>	<b>634,827</b>	<b>638,099</b>
<b>Total assets</b>	<b>628,831</b>	<b>589,236</b>	<b>698,748</b>	<b>694,879</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	85,729	109,111	6,149	4,441
Current income tax liabilities	12,053	5,351	-	-
Borrowings	42,477	89,229	28,762	75,825
Deferred income	1,968	2,698	-	-
	<b>142,227</b>	<b>206,389</b>	<b>34,911</b>	<b>80,266</b>
<b>Non-current liabilities</b>				
Trade and other payables	22,747	20,984	-	-
Borrowings	198,951	107,149	-	-
Deferred income tax liabilities	7,376	8,688	-	-
	<b>229,074</b>	<b>136,821</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>371,301</b>	<b>343,210</b>	<b>34,911</b>	<b>80,266</b>
<b>NET ASSETS</b>	<b>257,530</b>	<b>246,026</b>	<b>663,837</b>	<b>614,613</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	590,885	590,885	590,885	590,885
Treasury shares	(1,242)	(1,290)	(1,242)	(1,290)
Currency translation reserve	25,128	22,771	4,104	(8,618)
Other reserves	(481,352)	(481,830)	1,782	1,304
Retained earnings	132,229	121,581	68,308	32,332
	<b>265,648</b>	<b>252,117</b>	<b>663,837</b>	<b>614,613</b>
Non-controlling interests	(8,118)	(6,091)	-	-
<b>TOTAL EQUITY</b>	<b>257,530</b>	<b>246,026</b>	<b>663,837</b>	<b>614,613</b>

**(b)(ii) In relation to the aggregate amount for the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.**

**(a) Amount repayable in one year or less, or on demand;**

As at 30 Sep 2018		As at 30 Jun 2018	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
13,714	28,763	83,299	5,930

**(b) Amount repayable after one year; and**

As at 30 Sep 2018		As at 30 Jun 2018	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
198,951	-	107,149	-

**(c) Details of any collaterals.**

The Group

A memorandum of charge on the lands and buildings of certain subsidiaries in Malaysia and charge on the medical suites owned by a subsidiary in Singapore.

The Group's borrowings include finance lease liabilities of approximately RM 32.5 million (FY2018: RM 12.6 million), which are effectively secured as the rights to the hire purchase asset will revert to the hiree in the event of default.

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	<b>First Quarter Ended</b>	
	<b>30 Sep</b>	<b>30 Sep</b>
	<b>2018</b>	<b>2017</b>
Note	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows from Operating Activities</b>		
Profit after tax	8,764	13,785
Adjustments for:		
Income tax expense	6,645	5,733
Depreciation	6,971	5,291
Allowance/(Write back of allowance) for impairment of trade and other receivables - net	83	(3)
Interest expense	5,675	2,072
Share-based payment expenses	526	-
Interest income	(402)	(272)
Loss on disposal and write-off of property, plant and equipment	-	3
Currency translation differences	6,142	5,750
Operating cash flow before working capital changes	<u>34,404</u>	<u>32,359</u>
Changes in operating assets and liabilities:		
Inventories	(377)	(235)
Trade and other receivables	(1,154)	1,560
Other current and non-current assets	(1,378)	2,746
Trade and other payables	(986)	(1,570)
Derivative financial instruments	-	(121)
Deferred income	(772)	(356)
Cash provided by operations	<u>29,737</u>	<u>34,383</u>
Interest paid	(3,195)	(1,507)
Tax paid	(3,372)	(1,903)
<b>Net cash provided by operating activities</b>	<u>23,170</u>	<u>30,973</u>
<b>Cash Flows from Investing Activities</b>		
Additions to property, plant and equipment	(9,664)	(10,664)
Proceeds from disposal of property, plant and equipment	4	-
Interest received	402	272
<b>Net cash used in investing activities</b>	<u>(9,258)</u>	<u>(10,392)</u>
<b>Cash Flows from Financing Activities</b>		
Drawdown of borrowings	94,917	-
Repayment of borrowings	(75,572)	(17,953)
Repayment of lease liabilities	(1,792)	(803)
Decrease/(Increase) in restricted cash	1,448	(798)
Shareholders loan from non-controlling interest of a subsidiary	1,695	-
<b>Net cash provided by/(used in) financing activities</b>	<u>20,696</u>	<u>(19,554)</u>
<b>Net increase in cash and cash equivalents</b>	<u>34,608</u>	<u>1,027</u>
Cash and cash equivalents at beginning of financial period	56,847	76,041
Effect of exchange rate changes on cash and cash equivalents	627	(270)
<b>Cash and cash equivalents at end of financial period</b>	<u>92,082</u>	<u>76,798</u>
<b>Cash and equivalents comprise:</b>		
Cash and bank balances	92,082	78,308
Restricted cash	-	(1,510)
	<u>92,082</u>	<u>76,798</u>

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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						Total Equity RM'000
	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	
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/(loss) 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
<b>Balance as at 1 Jul 2018</b>	590,885	(1,290)	22,771	(481,830)	121,581	(6,091)	246,026
Exchange translation difference	-	-	2,357	-	-	(143)	2,214
Net profit/ (loss) for the period	-	-	-	-	10,648	(1,884)	8,764
Total comprehensive income/(loss) for the financial period	-	-	2,357	-	10,648	(2,027)	10,978
Transfer from treasury shares	-	48	-	(48)	-	-	-
Share-based payment	-	-	-	526	-	-	526
<b>Balance as at 30 Sep 2018</b>	590,885	(1,242)	25,128	(481,352)	132,229	(8,118)	257,530

**The Company**

	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 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
<b>Balance as at 1 Jul 2018</b>	590,885	(1,290)	1,304	32,332	(8,618)	614,613
Net profit for the period	-	-	-	35,976	-	35,976
Exchange translation difference	-	-	-	-	12,722	12,722
Transfer from treasury shares	-	48	(48)	-	-	-
Share-based payment	-	-	526	-	-	526
<b>Balance as at 30 Sep 2018</b>	590,885	(1,242)	1,782	68,308	4,104	663,837

- 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.**

Following the partial vesting of a time-based award comprising of 33,333 shares under the HMI Performance Share Plan 2017 on 30 September 2018, where the award was fulfilled via transfer from treasury shares, the total number of issued ordinary shares in the share capital of the Company remains unchanged at 838,980,880 (which includes 1,642,934 (30 June 2018:1,336,267) treasury shares) as at 30 September 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 awards comprising up to 3,600,000 shares and five 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 and another 33,333 shares vested on 30 September 2018.

	<u>Total number of shares that may be issued on conversion</u>
<u>Addition:</u>	
Three awards comprising up to 3,600,000 shares as at 24 November 2017	3,600,000
Five awards comprising up to 1,200,000 shares as at 1 December 2017	1,200,000
One time-based award 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 each as at 1 December 2017 and 30 September 2018	(66,666)
30 September 2018	4,833,334

The above three 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 other terms and conditions set out in the award letter, anytime within 4 weeks from the Group's FY2020 Annual General Meeting.

The above five 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 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 one time-based award granted as at 1 December 2017, 33,334 shares will be vested on 30 September 2019.

As at 30 September 2018, the number of shares that may be issued upon vesting of awards are 4,833,334 shares (30 June 2018: 4,866,667).

- 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 837,337,976 (30 June 2018: 837,644,613) as at the end of the current financial period. Total number of treasury shares is 1,642,934 and 1,336,267 as at 30 September 2018 and 30 June 2018 respectively.

- 1(d)(iv) A statement showing all sales, transfers, 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 30 September 2018, 33,333 treasury shares were transferred to an employee during the three months ended 30 September 2018.

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

There were no sales, transfers, cancellation and/or use of subsidiary holdings as at 30 September 2018 (30 September 2017: Nil).

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

The financial statements for the three months ended 30 September 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.**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements for the year ended 30 June 2018.



**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.**

Except for the adoption of the new financial reporting framework as disclosed in the paragraph below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current period compared to the Group's most recently audited financial statements for the year ended 30 June 2018.

On 1 July 2018, the Group has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s) and has prepared its financial information under SFRS(I)s for the first quarter and three months ended 30 September 2018. In adopting SFRS(I)s, the Group is required to apply all the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). The Group has also concurrently applied new major accounting standards (1) SFRS(I) 9 Financial Instruments and (2) SFRS(I) 15 Revenue from Contracts with Customers. The adoption of the new financial reporting framework has no material impact to the Group's accounting policies and financial statements.

**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.

	<b>Group</b>	
	<b>3 Months Ended 30 Sep</b>	
	<b><u>2018</u></b>	<b><u>2017</u></b>
Net profit attributable to equity holders of the Company (RM'000)	<b>10,648</b>	13,786
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	<b>837,346</b>	820,862
(i) Basic earnings per share (RM cents per share)	<b>1.27</b>	1.68
Weighted average number of ordinary shares adjusted for the effects of dilutive potential ordinary shares ('000)	<b>842,212</b>	820,862
(ii) Diluted earnings per share (RM cents per share)	<b>1.26</b>	1.68

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**  
**(a) current financial period reported on; and**  
**(b) immediately preceding financial year.**

	As at 30 Sep 2018	As at 30 Jun 2018
<b>The Group</b>		
Net asset value attributable to ordinary shareholders (RM'000)	<b>265,648</b>	252,116
Total number of issued shares excluding treasury shares ('000)	<b>837,678</b>	837,644
Net asset value per share (RM cents per share)	<b>31.71</b>	30.10
<b>The Company</b>		
Net asset value attributable to ordinary shareholders (RM'000)	<b>663,837</b>	614,613
Total number of issued shares excluding treasury shares ('000)	<b>837,678</b>	837,644
Net asset value per share (RM cents per share)	<b>79.25</b>	73.37

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: –**  
**(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**  
**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**(i) INCOME STATEMENT**

First Quarter

For the three months ended 30 September 2018 ("Q12019"), the Group's turnover increased by 6.7% from RM 117.1 million to RM 124.9 million, when compared with the previous corresponding period ("Q12018"). Turnover from the Group's healthcare business increased RM 8.6 million mainly due to higher patient load and average bill sizes in its two hospitals i.e. Mahkota Medical Centre ("MMC") and Regency Specialist Hospital ("RSH"). The Group's education business registered a RM 0.7 million decrease in revenue due to lower student headcount.

Gross profit margin for Q12019 was higher when compared to Q12018 at 35.3%. Other losses of RM 1.9 million was recorded in Q12019 compared to RM 1.1 million in the corresponding period in the prior year mainly due to higher foreign exchange losses of RM 3.5 million recorded in the Q12019 compared to RM 2.1 million in Q12018 as a result of a weaker Malaysian ringgit.

Distribution and marketing expenses increased by RM 0.8 million as compared to the previous financial period due to increased marketing and branding efforts. Administrative expenses increased by RM 2.7 million as compared to the previous financial period mainly due to administrative expenses incurred by the Group's new specialist centre business in Singapore, StarMed Specialist Centre ("SSC") which started contributing in Q12019, and RM 0.5 million higher share-based payment expenses.

**(i) INCOME STATEMENT** (Continued)

Finance costs increased by RM 3.6 million due to amortization of RM 2.5 million of capitalized expenses relating to the term loan facility drawn down for the acquisition of non-controlling interests in MMC and RSH as the loan was fully repaid in Q12019, and RM 1.1 million mortgage financing costs incurred by the Group's specialist centre business.

As a result of the above, the Group registered a 21.1% decrease in profit before tax to RM 15.4 million in Q12019, as compared to RM 19.5 million in Q12018. Tax expense was higher in Q12019 due to higher profitability from the hospitals. The profit attributable to shareholders was RM 10.6 million and RM 13.8 million in Q12019 and Q12018 respectively, whereas loss attributable to non-controlling interests increased by RM 1.9 million in Q12019.

**(ii) BALANCE SHEET**

The cash and cash equivalents of the Group remained strong at RM 92.1 million as at 30 September 2018.

Trade and other receivables increased by RM 1.2 million, mainly due to higher revenue in the quarter. Other current assets increased by RM 1.3 million due to higher deposits and prepayments made.

The RM 3.3 million increase in property, plant and equipment was due to acquisition of new medical equipment by the hospitals, offset by the depreciation expenses.

Trade and other payables decreased by RM 23.4 million mainly due to refinancing of certain trade payables as at 30 June 2018 with hire purchase financing in Q12019. The increase in hire purchase liabilities contributed mainly to the RM 45.1 million increase in total borrowings during the period. Current income tax liabilities increased by RM 6.7 million when compared to 30 June 2018 due to higher profitability of the Group's hospitals and timing differences in tax payments to authorities.

**(iii) CASH FLOW STATEMENT**

First Quarter

Net cash from operating activities for the quarter was RM 23.2 million, RM 7.8 million lower than the previous period. This was mainly due to a RM5.0 million decrease in profit after tax in Q12019, compared to the corresponding period in the previous year.

Net cash used in investing activities for the current period was RM 9.3 million, compared to RM 10.4 million used in the corresponding period in the previous year. The decrease was mainly due to purchases of medical equipment by the hospitals, which was RM 1.0 million lower than the preceding quarter.

Net cash provided by financing activities was RM 20.7 million in the current quarter mainly as a result of the drawdown of RM 94.9 million borrowings offset by repayment of RM 75.6 million of borrowings.

**(iv) USE OF PROCEEDS**

Further to the Group's announcement dated 15 October 2018 in relation to the use of proceeds from 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 0.51 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 in Malaysia continue to do well and register year-on-year ("yoy") increases in revenue and patient volume. To cope with the growing number of patients at the Group's hospitals, both MMC and RSH continue to progress on their respective upgrading and expansion plans.

At MMC, the hospital continues to focus on developing its Centres of Excellence and expanding and upgrading its facilities to cater to increasing patient loads. The 218-bed capacity RSH will be constructing a new hospital extension block adjacent to its existing hospital building to cater to the growing number of patients. Construction is pending necessary approvals and is expected to commence by the end of 2018. With the new extension block, RSH 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.

However, the healthcare landscape in Malaysia remains competitive. In Malacca and Johor where our hospitals operate, the expansion of existing hospitals and the upcoming opening of new hospitals have led to increased competition for patients, doctors and other skilled manpower. This has resulted in higher operating costs, in particular for skilled manpower. In Johor, new hospitals such as KPJ Bandar Dato Onn Hospital and Columbia Asia Southkey Hospital are expected to open in 2019. In addition, economic uncertainties and depreciating regional currencies (in particular the Indonesian Rupiah) has impacted private healthcare expenditure, especially for self-funded patients.

In Singapore, the Group acquired a majority stake in a new private one-stop ambulatory centre, SSC, in May 2018. The centre has completed renovations and received its licenses to operate from the Singapore Ministry of Health. SSC has commenced operations in FY2019, and the Group expects to incur gestation start-up costs from its operations for potentially 2-3 years.

**11. If a decision regarding dividend has been made –**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended).**

None.

**(b) (i) Amount per share.**

Not applicable.

**(ii) Previous corresponding period.**

Not applicable.

- (c) **Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

- (d) **The date the dividend is payable.**

Not applicable.

- (e) **The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

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

No dividend has been declared/ recommended.

- 13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained an IPT mandate from shareholders. It does not have any IPT (excluding transaction less than S\$100,000) for the three months ended 30 September 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 three months ended 30 September 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**  
**13 November 2018**