



SINGAPORE O&G LTD.

(Company Registration No. 201100687M)

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2019

1(a) 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.

	Group							
	Second Quarter				Half Year			
	Q2 2019	Q2 2018	Increase/(Decrease)		1H 2019	1H 2018	Increase/(Decrease)	
	S\$'000	S\$'000	S\$'000	%	S\$'000	S\$'000	S\$'000	%
Revenue	9,920	8,635	1,285	14.9%	18,650	16,832	1,818	10.8%
Other operating income	108	1,261	(1,153)	(91.4%)	280	1,356	(1,076)	(79.4%)
Consumables and medical supplies used	(1,447)	(1,157)	290	25.1%	(3,005)	(2,439)	566	23.2%
Employee remuneration expense	(4,112)	(3,304)	808	24.5%	(7,884)	(6,463)	1,421	22.0%
Depreciation	(554)	(134)	420	>100.0%	(1,088)	(280)	808	>100.0%
Other operating expense	(624)	(944)	(320)	(33.9%)	(1,148)	(1,711)	(563)	(32.9%)
Profit from operations	3,291	4,357	(1,066)	(24.5%)	5,805	7,295	(1,490)	(20.4%)
Finance income	18	19	(1)	(5.3%)	45	32	13	40.6%
Finance expense	(46)	-	46	N/M	(94)	-	94	N/M
Net finance (expense)/income	(28)	19	(47)	N/M	(49)	32	(81)	N/M
Profit before income tax	3,263	4,376	(1,113)	(25.4%)	5,756	7,327	(1,571)	(21.4%)
Income tax expense	(527)	(623)	(96)	(15.4%)	(929)	(1,098)	(169)	(15.4%)
Profit for the period	2,736	3,753	(1,017)	(27.1%)	4,827	6,229	(1,402)	(22.5%)
Other comprehensive income, at nil tax	-	-	-	-	-	-	-	-
Total comprehensive income for the period	2,736	3,753	(1,017)	(27.1%)	4,827	6,229	(1,402)	(22.5%)

N/M - 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.

	Group		Company	
	30/6/2019	31/12/2018	30/6/2019	31/12/2018
	S\$'000	S\$'000	S\$'000	S\$'000
		<i>(Audited)</i>		<i>(Audited)</i>
ASSETS				
Non-current assets				
Goodwill	24,130	24,130	-	-
Plant and equipment	1,705	1,412	108	127
Right-of-use assets	3,351	-	287	-
Deferred tax assets	11	1	10	-
Investment in subsidiaries	-	-	34,334	34,332
	29,197	25,543	34,739	34,459
Current assets				
Inventories	1,949	1,657	-	-
Trade and other receivables	3,252	2,982	108	130
Amounts due from subsidiaries (non-trade)	-	-	6,266	3,816
Cash and cash equivalents	20,796	21,546	1,573	8,783
	25,997	26,185	7,947	12,729
Total assets	55,194	51,728	42,686	47,188
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	29,646	29,646	29,646	29,646
Capital reserve	1,771	1,771	1,771	1,771
Merger reserve	(1,695)	(1,695)	-	-
Retained earnings	15,404	14,868	9,042	13,597
Total equity	45,126	44,590	40,459	45,014
Non-current liabilities				
Lease liabilities	2,028	-	218	-
Deferred tax liabilities	120	140	-	10
	2,148	140	218	10
Current liabilities				
Trade and other payables	4,041	4,738	559	733
Amount due to subsidiaries (non-trade)	-	-	1,365	1,361
Contract liabilities	565	437	-	-
Lease liabilities	1,398	-	73	-
Current tax liabilities	1,916	1,823	12	70
	7,920	6,998	2,009	2,164
Total liabilities	10,068	7,138	2,227	2,174
Total equity and liabilities	55,194	51,728	42,686	47,188

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

(A) the amount repayable in one year or less, or on demand:

None.

(B) the amount repayable after one year:

None.

(C) whether the amounts are secured or unsecured; and

None.

(D) details of any collaterals.

None.

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.

	<u>Group</u>			
	<u>Second Quarter</u>	<u>Half Year</u>		
	Q2 2019	Q2 2018	1H 2019	1H 2018
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit before taxation	3,263	4,376	5,756	7,327
Adjustments for:				
Depreciation	554	134	1,088	280
Plant and equipment written off	13	-	16	-
Interest income	(18)	(19)	(45)	(32)
Interest expense	46	-	94	-
Operating profit before working capital changes	<u>3,858</u>	4,491	<u>6,909</u>	7,575
Changes in inventories	(408)	(53)	(292)	(64)
Changes in trade and other receivables	(332)	(211)	(287)	(294)
Changes in trade and other payables and contract liabilities	<u>(1,664)</u>	<u>(1,132)</u>	<u>(637)</u>	<u>(542)</u>
Cash generated from operations	1,454	3,095	5,693	6,675
Income tax paid	(863)	(592)	(866)	(588)
Net cash generated from operating activities	591	2,503	4,827	6,087
Cash flows from investing activities				
Purchase of plant and equipment	(223)	(6)	(549)	(73)
Interest received	28	-	62	34
Net cash used in investing activities	(195)	(6)	(487)	(39)
Cash flows from financing activities				
Dividends paid to shareholders	(4,291)	(4,244)	(4,291)	(4,244)
Principal element of lease payments	(357)	-	(705)	-
Interest paid	(46)	-	(94)	-
Net cash used in financing activities	(4,694)	(4,244)	(5,090)	(4,244)
Net (decrease)/increase in cash and cash equivalents	(4,298)	(1,747)	(750)	1,804
Cash and cash equivalents at beginning of period	<u>25,094</u>	<u>19,977</u>	<u>21,546</u>	<u>16,426</u>
Cash and cash equivalents at end of period	20,796	18,230	20,796	18,230

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.

	Share capital S\$'000	Capital reserve S\$'000	Merger reserve S\$'000	Retained earnings S\$'000	Total S\$'000
Group					
At 1 January 2018	29,646	1,771	(1,695)	13,778	43,500
Total comprehensive income for the period					
Profit for the period	-	-	-	2,476	2,476
Other comprehensive income, at nil tax	-	-	-	-	-
	-	-	-	2,476	2,476
At 31 March 2018	29,646	1,771	(1,695)	16,254	45,976
At 1 April 2018	29,646	1,771	(1,695)	16,254	45,976
Total comprehensive income for the period					
Profit for the period	-	-	-	3,753	3,753
Other comprehensive income, at nil tax	-	-	-	-	-
	-	-	-	3,753	3,753
Transactions with owners of the Company, recognised directly in equity					
Contributions by and distributions to owners of the Company					
Dividends paid to shareholders	-	-	-	(4,244)	(4,244)
At 30 June 2018	29,646	1,771	(1,695)	15,763	45,485

	Share capital S\$'000	Capital reserve S\$'000	Merger reserve S\$'000	Retained earnings S\$'000	Total S\$'000
Group					
At 1 January 2019	29,646	1,771	(1,695)	14,868	44,590
Total comprehensive income for the period					
Profit for the period	-	-	-	2,091	2,091
Other comprehensive income, at nil tax	-	-	-	-	-
	-	-	-	2,091	2,091
At 31 March 2019	29,646	1,771	(1,695)	16,959	46,681

	Share capital S\$'000	Capital reserve S\$'000	Merger reserve S\$'000	Retained earnings S\$'000	Total S\$'000
Group					
At 1 April 2019	29,946	1,771	(1,695)	16,959	46,681
Total comprehensive income for the period					
Profit for the period	-	-	-	2,736	2,736
Other comprehensive income, at nil tax	-	-	-	-	-
	-	-	-	2,736	2,736
Transactions with owners of the Company, recognised directly in equity					
Contributions by and distributions to owners of the Company					
Dividends paid to shareholders	-	-	-	(4,291)	(4,291)
At 30 June 2019	29,946	1,771	(1,695)	15,404	45,126
	Share capital S\$'000	Capital reserve S\$'000	Merger reserve S\$'000	Retained earnings S\$'000	Total S\$'000
Company					
At 1 January 2018	29,646	1,771	-	11,920	43,337
Total comprehensive income for the period					
Profit for the period	-	-	-	(13)	(13)
Other comprehensive income, at nil tax	-	-	-	-	-
	-	-	-	(13)	(13)
At 31 March 2018	29,646	1,771	-	11,907	43,324
At 1 April 2018	29,646	1,771	-	11,907	43,324
Total comprehensive income for the period					
Profit for the period	-	-	-	907	907
Other comprehensive income, at nil tax	-	-	-	-	-
	-	-	-	907	907
Transactions with owners of the Company, recognised directly in equity					
Contributions by and distributions to owners of the Company					
Dividends paid to shareholders	-	-	-	(4,244)	(4,244)
At 30 June 2018	29,646	1,771	-	8,570	39,987

<u>Company</u>	Share capital S\$'000	Capital reserve S\$'000	Merger reserve S\$'000	Retained earnings S\$'000	Total S\$'000
At 1 January 2019	29,646	1,771	-	13,597	45,014
Total comprehensive income for the period					
Profit for the period	-	-	-	(95)	(95)
Other comprehensive income, at nil tax	-	-	-	-	-
	-	-	-	(95)	(95)
At 31 March 2019	<u>29,646</u>	<u>1,771</u>	-	<u>13,502</u>	<u>44,919</u>
At 1 April 2019	29,646	1,771	-	13,502	44,919
Total comprehensive income for the period					
Profit for the period	-	-	-	(169)	(169)
Other comprehensive income, at nil tax	-	-	-	-	-
	-	-	-	(169)	(169)
Transactions with owners of the Company, recognised directly in equity					
Contributions by and distributions to owners of the Company					
Dividends paid to shareholders	-	-	-	(4,291)	(4,291)
At 30 June 2019	<u>29,646</u>	<u>1,771</u>	-	<u>9,042</u>	<u>40,459</u>

- 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.**

As at 30 June 2019, there are no changes in the Company's share capital since the end of the previous period reported on i.e. 31 March 2019.

The Company did not have any treasury shares, subsidiary holdings, outstanding options and convertibles as at 30 June 2019 and 30 June 2018.

- 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.**

	Number of Ordinary Shares	
	30/6/2019	31/12/2018
Issued ordinary shares	476,803,002	476,803,002

The Company does not have any treasury shares as at 30 June 2019 and 31 December 2018.

- 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.**

Not applicable, as the Company did not have any treasury shares as at the end of the current financial period reported on.

- 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.**

Not applicable, as the Company did not have any subsidiary holdings as at the end of the current financial period reported on.

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

The figures have not been audited or reviewed by auditors.

- 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 Section 5 below, the accounting policies and methods of computation used in the consolidated financial statements for the financial period ended 30 June 2019 are consistent with those applied in the financial statements for the year ended 31 December 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.

The Group has adopted the new/revised Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) that are effective for the annual periods beginning on or after 1 January 2019. Changes to the Group’s accounting policies have been made as required in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) Interpretations.

The following are the new or amended SFRS(I) and SFRS(I) Interpretations that are relevant to the Group:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*

The adoption of the above SFRS(I) and SFRS(I) Interpretations did not have any significant impact on the financial statements of the Group except for the following:

SFRS(I) 16 *Leases*

The Group has adopted the new SFRS(I) 16 which took effect on 1 January 2019 using the modified retrospective approach. SFRS(I) 16 introduce a single, on balance sheet lease accounting model. The rationale of the change is to better reflect the economic substance of the lease transactions by recognising a right-of-use (“**ROU**”) asset which represents the right to use the underlying asset and a lease liability which represents the obligation to make lease payments.

As a practical expedient, the Group has recognised the ROU assets to be equal to their lease liabilities on 1 January 2019 which amounted to S\$3.8 million. Subsequent to initial recognition, the Group depreciated the ROU assets over the shorter of the useful life of the ROU assets and the lease term. Interest expense is recognised on the lease liabilities at an annual rate of 5.33%.

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.

	<u>Group</u>			
	<u>Second Quarter</u>		<u>Half Year</u>	
	Q2 2019	Q2 2018	1H 2019	1H 2018
Profit attributable to equity holders of the Company (S\$'000)	2,736	3,753	4,827	6,229
Basic and diluted earnings per share based on the weighted average number of ordinary shares (cents/share)	0.57	0.79	1.01	1.31
Weighted average number of ordinary shares	476,803,002	476,803,002	476,803,002	476,803,002

Note:

Basic and diluted earnings per share for the quarter and financial period ended 30 June 2019 and 2018 are computed using the net profit after tax divided by the weighted average number of ordinary shares issued and outstanding at the end of each quarter and financial period.

The Company did not have any stock options or dilutive potential ordinary shares during the period ended 30 June 2019 and 2018.

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.

	<u>Group</u>		<u>Company</u>	
	30/6/2019	31/12/2018	30/6/2019	31/12/2018
Net assets value (S\$'000)	45,126	44,590	40,459	45,014
Net assets value per ordinary share based on the total number of issued shares as at end of the period/year reported on (cents)	9.46	9.35	8.49	9.44
Number of issued shares as at end of the period	476,803,002	476,803,002	476,803,002	476,803,002

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.

Review of the Group's Performance

Revenue

Q2 2019 vs. Q2 2018

Revenue increased by S\$1.3 million or 14.9% from S\$8.6 million for the three months period ended 30 June 2018 ("**Q2 2018**") to S\$9.9 million for the three months period ended 30 June 2019 ("**Q2 2019**"). The increase is attributed to:

- The increase of S\$0.1 million and S\$0.4 million revenue from our Obstetrics & Gynaecology ("**O&G**") and Cancer-related segments in Q2 2019 respectively due to increase in patient load;
- The increase of S\$0.9 million from our Paediatrics segment due mainly to contributions from the new SOG Children (Paediatrics – Gastroenterology Liver) ("**PAED-Gastro**") and SOG Children (Paediatrics – Gleneagles) ("**PAED-Glen**") clinics

which started their operations in November 2018 and February 2019 respectively in Q2 2019; offset by

- The decrease of S\$0.1 million from our Dermatology segment in Q2 2019 due to the increasingly competitive landscape.

1H 2019 vs. 1H 2018

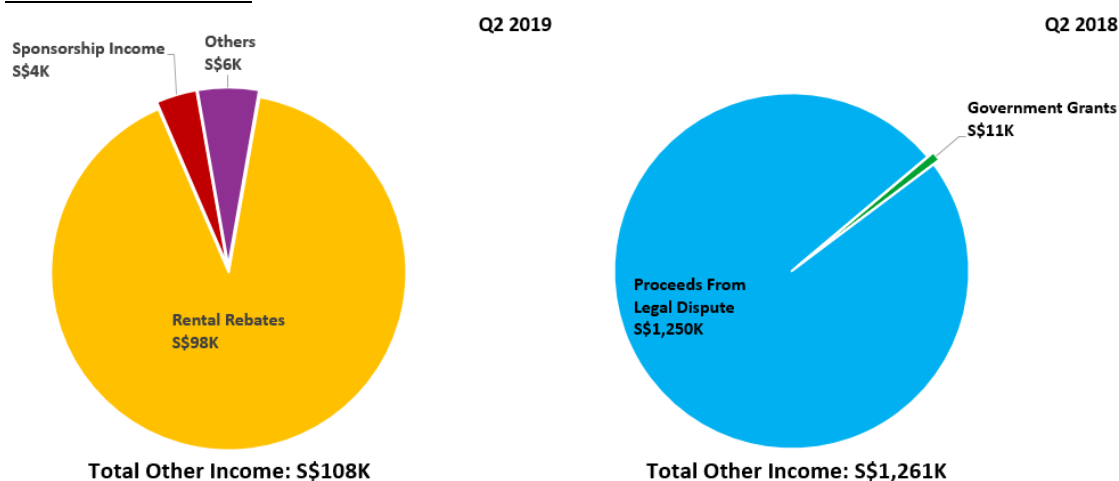
Revenue increased by S\$1.8 million or 10.8% from S\$16.8 million for the six months period ended 30 June 2018 (“1H 2018”) to S\$18.6 million for the six months period ended 30 June 2019 (“1H 2019”). The increase is attributed to:

- The increase of S\$0.3 million and S\$0.5 million revenue from our Obstetrics & Gynaecology (“O&G”) and Cancer-related segments in 1H 2019 respectively due to increase in patient load;
- The increase of S\$1.4 million from our Paediatrics segment due mainly to contributions from the new PAED-Gastro and PAED-Glen clinics which started their operations in November 2018 and February 2019 respectively in 1H 2019; offset by
- The decrease of S\$0.4 million from our Dermatology segment in 1H 2019 due to the increasingly competitive landscape.

Other Operating Income

Other operating income typically comprises government grants received, rental rebates and sponsorship income. Sponsorship income relates to income received from sponsors for public events and activities organised by the Company.

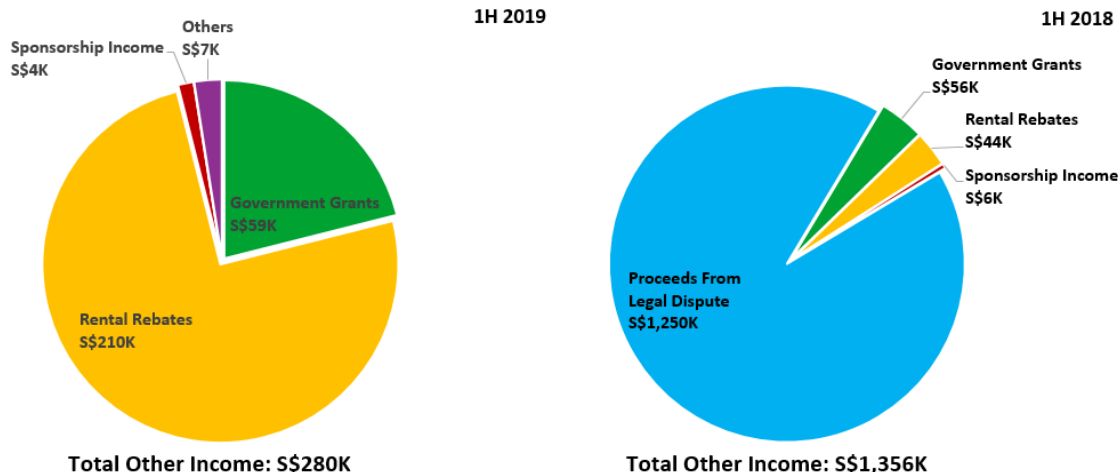
Q2 2019 vs. Q2 2018



Other operating income decreased by S\$1.2 million or 91.4% from S\$1.3 million in Q2 2018 to S\$0.1 million in Q2 2019. The decrease is attributed mainly to:

- The absence of one-off proceeds from Legal Dispute of S\$1.3 million; offset by
- The receipt of rental rebates amounting to S\$0.1 million.

1H 2019 vs. 1H 2018



Other operating income decreased by S\$1.1 million or 79.4% from S\$1.4 million in 1H 2018 to S\$0.3 million in 1H 2019. The decrease is attributed mainly to:

- The absence of one-off proceeds from Legal Dispute of S\$1.3 million; offset by
- The increase in rental rebates received amounting to S\$0.2 million.

Consumables and Medical Supplies Used

Q2 2019 vs. Q2 2018

Consumables and medical supplies used increased by S\$0.3 million or 25.1% from S\$1.2 million in Q2 2018 to S\$1.5 million in Q2 2019. The increase is attributed to:

- Consumables and medical supplies of S\$0.2 million used by the new clinics PAED-Gastro, SOG Dermatology (Gleneagles) (“**DERM-Glen**”), PAED-Glen and SOG-Clara Ong Clinic for Women (“**Clara Ong**”) which started their operations in November 2018, December 2018, February 2019 and May 2019 respectively; and
- The increase in medication sales and consumables used in procedures by the existing clinics amounting to S\$0.1 million.

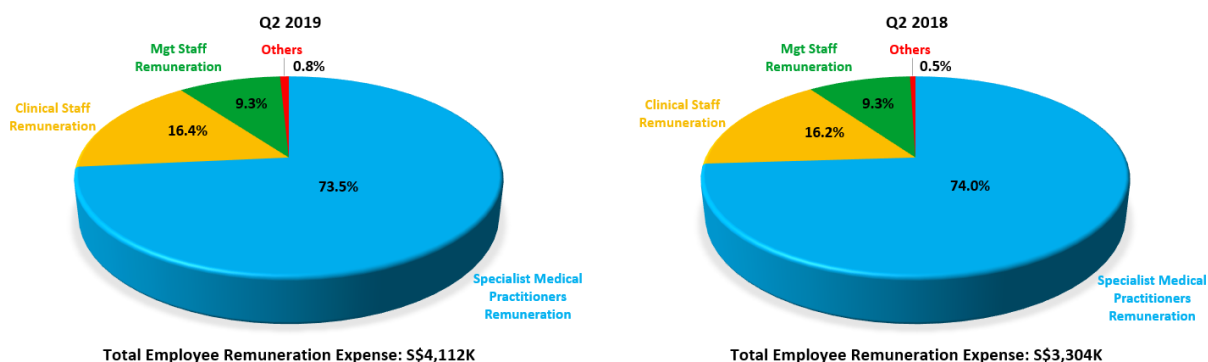
1H 2019 vs. 1H 2018

Consumables and medical supplies used increased by S\$0.6 million or 23.2% from S\$2.4 million in 1H 2018 to S\$3.0 million in 1H 2019. The increase is attributed to:

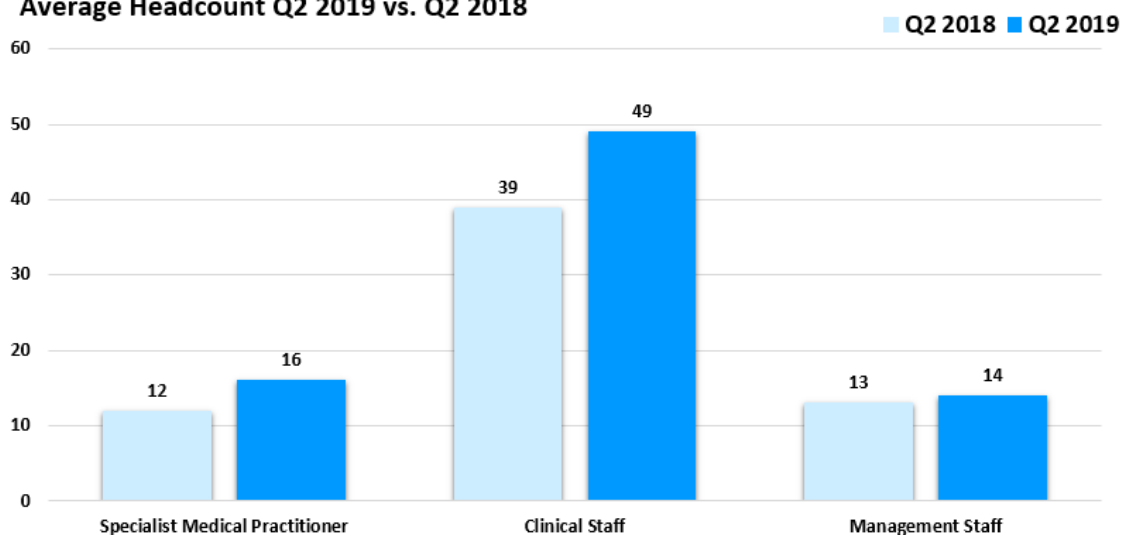
- Consumables and medical supplies of S\$0.3 million used by the new clinics PAED-Gastro, DERM-Glen, PAED-Glen and Clara Ong which started their operations in November 2018, December 2018, February 2019 and May 2019 respectively; and
- The increase in medication sales and consumables used in procedures by the existing clinics amounting to S\$0.3 million.

Employee Remuneration Expense

Q2 2019 vs. Q2 2018



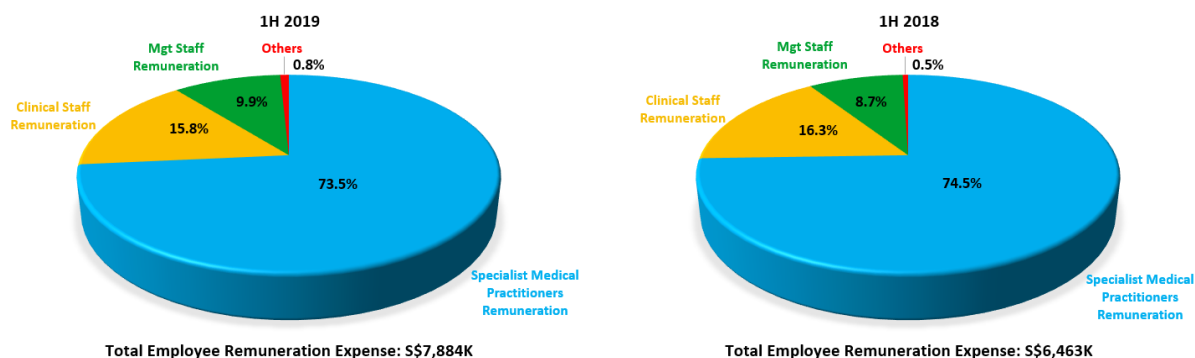
Average Headcount Q2 2019 vs. Q2 2018



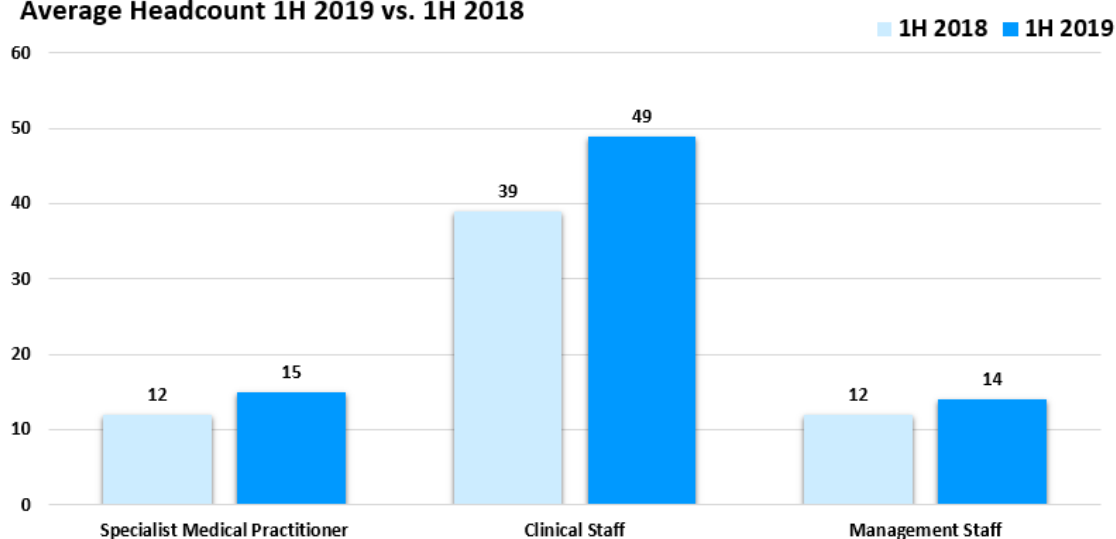
Employee remuneration expense increased by S\$0.8 million or 24.5% from S\$3.3 million in Q2 2018 to S\$4.1 million in Q2 2019. The increase is due to:

- The increase in employee remuneration expense of S\$0.5 million from the new clinics PAED-Gastro, DERM-Glen, PAED-Glen and Clara Ong which started their operations in November 2018, December 2018, February 2019 and May 2019 respectively;
- The increase of S\$0.2 million for incentive bonus for a few specialist medical practitioners; and
- The increase in the headcount of management staff at corporate and clinical staff at existing clinics amounting to S\$0.1 million.

1H 2019 vs. 1H 2018



Average Headcount 1H 2019 vs. 1H 2018



Employee remuneration expense increased by S\$1.4 million or 22.0% from S\$6.5 million in 1H 2018 to S\$7.9 million in 1H 2019. The increase is due to:

- The increase in employee remuneration expense of S\$0.8 million from the new clinics PAED-Gastro, DERM-Glen, PAED-Glen and Clara Ong which started their operations in November 2018, December 2018, February 2019 and May 2019 respectively;
- The increase of S\$0.4 million for incentive bonus for a few specialist medical practitioners;
- The increase in the headcount of management staff at corporate and clinical staff at existing clinics amounting to S\$0.1 million; and
- The absence of S\$0.1 million reversal of overprovision for FY 2017 management staff bonuses in 1H 2019 compared to 1H 2018.

Depreciation

Q2 2019 vs. Q2 2018

Depreciation increased by S\$420,000 from S\$134,000 in Q2 2018 to S\$554,000 in Q2 2019. The increase is attributed mainly to depreciation recognised for ROU assets arising from the adoption of SFRS(I) 16 effective from 1 January 2019.

1H 2019 vs. 1H 2018

Depreciation increased by S\$0.8 million from S\$0.3 million in 1H 2018 to S\$1.1 million in 1H 2019. The increase is attributed mainly to depreciation recognised for ROU assets arising from the adoption of SFRS(I) 16 effective from 1 January 2019.

Other Operating Expense

Q2 2019 vs. Q2 2018

Other operating expense decreased by S\$320,000 or 33.9% from S\$944,000 in Q2 2018 to S\$624,000 in Q2 2019. The decrease is attributed to:

- The decrease in rental expense of S\$365,000 arising from the adoption of SFRS(I) 16 effective from 1 January 2019; offset by
- The increase in advertising, consultancy fees, office supplies and other administrative expenses amounting to S\$45,000.

1H 2019 vs. 1H 2018

Other operating expense decreased by S\$0.6 million or 32.9% from S\$1.7 million in 1H 2018 to S\$1.1 million in 1H 2019. The decrease is attributed to:

- The decrease in rental expense of S\$0.7 million arising from the adoption of SFRS(I) 16 effective from 1 January 2019; offset by
- The increase in advertising, consultancy fees, office supplies and other administrative expenses amounting to S\$0.1 million.

Finance Income

Finance income relates to interest income earned from the placement of cash surplus with financial institutions. The funds are placed mainly in fixed deposit arrangements and interest-bearing current accounts. The Group does not invest in any sophisticated financial products and/or derivatives.

Q2 2019 vs. Q2 2018

Finance income decreased marginally by S\$1,000 or 5.3% from S\$19,000 in Q2 2018 to S\$18,000 in Q2 2019. The decrease is due to the maturity of fixed deposit during the quarter.

1H 2019 vs. 1H 2018

Finance income increased by S\$13,000 or 40.6% from S\$32,000 in 1H 2018 to S\$45,000 in 1H 2019. The increase is due to more cash being placed under fixed deposit and at higher interest rates.

Finance Expense

Finance expense relates to interest expense incurred on lease liabilities arising from the adoption of SFRS(I) 16 effective from 1 January 2019.

Profit Before Income Tax

Q2 2019 vs. Q2 2018

As a result of the above, profit before income tax decreased by S\$1.1 million or 25.4% from S\$4.4 million in Q2 2018 to S\$3.3 million in Q2 2019. Excluding the non-recurring income of S\$1.1 million arising from the Legal Dispute, net of professional and legal fees included in Q2 2018, the Group's profit before income tax for Q2 2019 would have increased marginally by S\$25,000 or 0.8%.

1H 2019 vs. 1H 2018

As a result of the above, profit before income tax decreased by S\$1.6 million or 21.4% from S\$7.3 million in 1H 2018 to S\$5.7 million in 1H 2019. Excluding the non-recurring income of S\$1.1 million arising from the Legal Dispute, net of professional and legal fees included in 1H 2018, the Group's profit before income tax for 1H 2019 would have decreased by S\$0.5 million or 7.0%.

Income Tax Expense

Q2 2019 vs. Q2 2018

Income tax expense decreased by S\$96,000 or 15.4% from S\$623,000 in Q2 2018 to S\$527,000 in Q2 2019 due mainly to lower profits from operations.

1H 2019 vs. 1H 2018

Income tax expense decreased by S\$0.2 million or 15.4% from S\$1.1 million in 1H 2018 to S\$0.9 million in 1H 2019 due mainly to lower profits from operations.

Review of the Group's Financial Position

Non-Current Assets

As at 30 June 2019, non-current assets amounted to S\$29.2 million or 52.9% of the Group's total assets. Non-current assets consist of the following main items:

- Goodwill of S\$24.1 million or 82.7% of the Group's total non-current assets, which comprises:
 1. S\$446,000 and S\$396,000 for the acquisition of Beh's Clinic for Women Pte. Ltd. and Choo Wan Ling Women's Clinic Pte. Ltd. in 2014 respectively; and
 2. S\$23.3 million for the acquisition of the entire rights, title and interest of Dr. Joyce Lim Teng Ee and in the business and medical practices of JL Laser & Surgery Centre Pte. Ltd., JL Esthetic Research Centre Pte. Ltd. and JL Dermatology Pte. Ltd. ("JL Acquisition").

- ROU assets of S\$3.4 million or 11.5% of the Group's total non-current assets. ROU assets pertain to leases of clinic premises and corporate office, arising from the adoption of SFRS(I) 16 effective from 1 January 2019.
- Plant and equipment of S\$1.7 million or 5.8% of the Group's total non-current assets. Plant and equipment increased by S\$0.3 million or 20.8% from S\$1.4 million as at 31 December 2018 to S\$1.7 million as at 30 June 2019. The increase is attributed to:
 1. S\$0.5 million additions to plant and equipment for the setting up of new clinics;
 2. S\$0.1 million renovation costs for the relocation of SOG-Radhika Breast & General Surgicare and SOG Children (Paediatrics – East) clinics; offset by
 3. The depreciation charge on plant and equipment of S\$0.3 million in 1H 2019.

Current Assets

As at 30 June 2019, current assets amounted to S\$26.0 million or 47.1% of the Group's total assets. Current assets consist of the following:

- Inventories of S\$1.9 million or 7.5% of the Group's total current assets. The increase of S\$0.2 million or 17.6% from S\$1.7 million as at 31 December 2018 to S\$1.9 million as at 30 June 2019 is due mainly to higher inventories balance held by our Dermatology segment as at 30 June 2019 due to bulk purchase of medication for sale in the subsequent periods.
- Trade and other receivables of S\$3.3 million or 12.5% of the Group's total current assets. The increase of S\$0.3 million or 9.1% from S\$3.0 million as at 31 December 2018 to S\$3.3 million as at 30 June 2019 is due mainly to the increase in our specialist medical practitioners' professional fees due from hospitals and insurance companies, in line with the increase in revenue. The outstanding professional fees are fairly current with no significant collection issues.
- Cash and cash equivalents of S\$20.8 million or 80.0% of the Group's total current assets. The decrease of S\$0.8 million or 3.5% from S\$21.6 million as at 31 December 2018 to S\$20.8 million as at 30 June 2019 is due mainly to:
 1. Purchase of plant and equipment of S\$0.5 million in 1H 2019;
 2. Payment of S\$4.3 million for FY 2018 final dividend to shareholders in May 2019;
 3. Payment for the principal and interest on leases totalling S\$0.8 million in 1H 2019; offset by
 4. S\$4.8 million net cash inflows from operating activities in 1H 2019.

Non-Current Liabilities

As at 30 June 2019, non-current liabilities amounted to S\$2.1 million or 21.3% of the Group's total liabilities. Non-current liabilities consist of the following:

- Lease liabilities of S\$2.0 million or 94.4% of the Group's total non-current liabilities. The increase in lease liabilities of S\$2.0 million is due to the adoption of SFRS(I) 16 effective from 1 January 2019.
- Deferred tax liabilities of S\$0.1 million or 5.6% of the Group's total non-current liabilities. Deferred tax liabilities arose from the timing differences in temporary differences of the Group's plant and equipment.

Current Liabilities

As at 30 June 2019, current liabilities amounted to S\$7.9 million or 78.7% of the Group's total liabilities. Current liabilities consist of the following:

- Trade and other payables of S\$4.0 million or 51.0% of the Group's total current liabilities. The decrease of S\$0.7 million or 14.7% from S\$4.7 million as at 31 December 2018 to S\$4.0 million as at 30 June 2019 is due to:
 1. The payment of S\$2.7 million for FY 2018 incentive bonus to our specialist medical practitioners in June 2019; offset by
 2. S\$1.9 million in accrual for 1H 2019 incentive bonus for our specialist medical practitioners, management and clinical staff; and
 3. The increase of S\$0.1 million in trade payables to our suppliers.
- Lease liabilities of S\$1.4 million or 17.7% of the Group's total current liabilities. The increase of S\$1.4 million is due to the adoption of SFRS(I) 16 effective from 1 January 2019.
- Contract liabilities of S\$0.6 million or 7.1% of the Group's total current liabilities. The increase of S\$0.1 million or 29.3% from S\$0.5 million as at 31 December 2018 to S\$0.6 million as at 30 June 2019 is due to more antenatal, aesthetics and vaccination package fees collected upfront from patients for consultations and/or procedures that have yet to be performed.
- Current tax liabilities of S\$1.9 million, or 24.2% of the Group's total current liabilities, comprising income tax payables for FY 2018 and 1H 2019.

Shareholders' Equity

As at 30 June 2019, shareholder's equity of S\$45.1 million comprises the following:

- Issued and fully paid share capital of S\$29.6 million.
- Capital reserve of S\$1.8 million represents the difference between the fair value of the purchase consideration paid by the Company and the fair value of the net assets of Choo Wan Ling Women's Clinic Pte. Ltd. and Beh's Clinic for Women Pte. Ltd. acquired by the Company in 2014.
- Deficit in merger reserve of S\$1.7 million represents the difference between the consideration paid by the Company and the fair value of the net assets of Heng Clinic and K W Lee Clinic & Surgery for Women Pte. Ltd. acquired by the Company.
- Retained earnings of S\$15.4 million.

The increase in shareholders' equity of S\$0.5 million from S\$14.9 million as at 31 December 2018 to S\$15.4 million as at 30 June 2019 is due to:

- Profit from 1H 2019 of S\$4.8 million; offset by
- Payment of S\$4.3 million for FY 2018 final dividend to shareholders in May 2019.

Review of the Group's Cash Flows

Net Cash Generated from Operating Activities

For Q2 2019, there was a net cash inflow of S\$0.6 million from operating activities. This comprises operating cash inflows before changes in working capital of S\$3.9 million, net working capital outflows of S\$2.4 million and income tax paid of S\$0.9 million. The net working capital outflows of S\$2.4 million is due to:

- Increase in inventories of S\$0.4 million due to higher inventories held by our Dermatology segment as at 30 June 2019;
- Increase in trade and other receivables of S\$0.3 million due mainly to the increase in our specialist medical practitioners' professional fees due from hospitals and insurance companies; and
- Decrease in trade and other payables and contract liabilities of S\$1.7 million due mainly to payment of FY 2018 incentive bonus to our specialist medical practitioners in June 2019 partially offset by accrual for Q2 2019 incentive bonus for our specialist medical practitioners, management and clinical staff.

For 1H 2019, there was a net cash inflow of S\$4.8 million from operating activities. This comprises operating cash inflows before changes in working capital of S\$6.9 million, net working capital outflows of S\$1.2 million and income tax paid of S\$0.9 million. The net working capital outflows of S\$1.2 million is due to:

- Increase in inventories of S\$0.3 million due to higher inventories held by our Dermatology segment as at 30 June 2019;
- Increase in trade and other receivables of S\$0.3 million due mainly to the increase in our specialist medical practitioners' professional fees due from hospitals and insurance companies; and
- Decrease in trade and other payables and contract liabilities of S\$0.6 million due mainly to payment of FY 2018 incentive bonus to our specialist medical practitioners in June 2019 partially offset by accrual for 1H 2019 incentive bonus for our specialist medical practitioners, management and clinical staff.

Net Cash Used in Investing Activities

For Q2 2019, the net cash used in investing activities amounted to S\$195,000 which was attributed to:

- Purchase of plant and equipment of S\$223,000; offset by
- Interest received of S\$28,000 from our fixed deposit placement and interest-bearing current accounts.

For 1H 2019, the net cash used in investing activities amounted to S\$487,000 which was attributed to:

- Purchase of plant and equipment of S\$549,000; offset by
- Interest received of S\$62,000 from our fixed deposit placement and interest-bearing current accounts.

Net Cash Used in Financing Activities

Net cash used in financing activities in Q2 2019 amounted to S\$4.7 million which was attributed to:

- Payment of S\$4.3 million for the FY 2018 final dividend to shareholders in May 2019; and
- Payment of S\$0.4 million for the principal and interest on leases.

Net cash used in financing activities in 1H 2019 amounted to S\$5.1 million which was attributed to:

- Payment of S\$4.3 million for the FY 2018 final dividend to shareholders in May 2019; and
- Payment of S\$0.8 million for the principal and interest on leases.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Board of Directors noted in the last financial statements announcement that barring any unforeseen circumstances, the Board expects the Group to remain profitable. The Group has remained profitable.

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.

As at the date of this Announcement, the Board of Directors are not aware of any significant change in trends and competitive conditions that will significantly affect the Group's operations and businesses.

Based on the current economic conditions and barring unforeseen circumstances, the Board of Directors expects the Group to grow its revenue and remain profitable in the next reporting period and the next 12 months, notwithstanding the expected gestation losses of new clinics.

11 If a decision regarding dividend has been made, the required information has been disclosed.

(A) Whether an interim (final) ordinary dividend has been declared or recommended.

In view of our Group's performance in 1H 2019, the Board of Directors has declared an interim dividend payment of 0.62 Singapore cents per share.

(B) (i) Amount per share

0.62 Singapore cents per share (based on 476,803,002 shares).

(B)(ii) Previous corresponding period

0.80 Singapore cents per share (based on 476,803,002 shares).

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

The dividend is one-tier tax exempt.

- (D) The date the dividend is payable**

The dividend will be paid on 3 September 2019.

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

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed at 5:00 p.m. on 20 August 2019 for the purpose of determining entitlements of ordinary shareholders to the one-tier tax exempt Interim Dividend of 0.62 Singapore cents per ordinary share for FY 2019.

Duly completed registrable transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #02-00, Singapore 068898, up to 5:00 p.m. on 20 August 2019 will be registered before entitlements to the Interim Dividend are determined. Members whose securities accounts with The Central Depository (Pte) Ltd. are credited with the Company's ordinary shares as at 5:00 p.m. on 20 August 2019 will be entitled to the Interim Dividend.

- 12 If no dividend has been declared (recommended), a statement to that effect, and the reason(s) for the decision.**

Not applicable.

- 13 If the Group has obtained a general mandate from the 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 does not have a general mandate from its shareholders for Interested Person Transactions pursuant to Rule 920(1)(a)(ii).

There were no interested person transactions of S\$100,000 or more during Q2 2019.

14 Use of IPO proceeds

Pursuant to the IPO on 4 June 2015, the Company received net proceeds of S\$9.2 million (after deducting listing and processing fees, professional fees and placement commission and other expenses) from the placement of new shares.

As at the date of this Announcement, the use of IPO proceeds are as follows:

Use of IPO proceeds	Amount Allocated S\$'000	Amount Utilised S\$'000	Amount Unutilised S\$'000
Expansion of business operations ¹	3,000	(1,049)	1,951
Investments in healthcare professionals and synergistic businesses ²	6,000	(6,000)	-
Working capital purposes ³	200	(200)	-
Total	9,200	(7,249)	1,951

The above utilisations are in accordance with the intended use of IPO net proceeds, as stated in the Company's IPO Prospectus.

Note:

¹ The amount of S\$1.0 million from the expansion of business operations category has been utilised for the set-up cost of the following clinics:

- S\$0.2 million for SOG-SK Lim Breast & General Surgicare Clinic, located at Mount Elizabeth Novena Specialist Centre #06-53 in May 2016;
- S\$0.2 million for SOG-SC Hong Clinic for Women, located at Mount Alvernia Medical Centre #07-62 in July 2016;
- S\$0.1 million for SOG-Clinic for Children (Central), located at 11A Boon Tiong Road #01-11 in November 2017;
- S\$0.1 million for SOG-Clinic for Children (Gastroenterology Liver), located at Mount Elizabeth Novena Specialist Centre #07-53 in November 2018;
- S\$0.3 million for SOG Dermatology (Gleneagles), located at Gleneagles Medical Centre #06-01 in January 2019; and
- S\$0.1 million for SOG-Clinic for Children (Gleneagles), located at Gleneagles Medical Centre #08-14 in February 2019.

² The amount of S\$6.0 million from the investments in healthcare professionals and synergistic businesses category has been utilised to pay the first tranche cash consideration of S\$6.0 million for the JL Acquisition in January 2016, in accordance with the terms and conditions of the Framework Agreement dated 4 November 2015 and the Sale and Purchase Agreement dated 31 December 2015.

³ The amount of S\$0.2 million from the working capital purposes category has been utilised for the working capitals of SOG Dermatology (Gleneagles) and SOG-Clinic for Children (Gleneagles), as disclosed in the Company's Q1 2019 announcement dated 9 May 2019.

15 Confirmation pursuant to Rule 705(5) of the Listing Manual (Section B: Rules of Catalyst) of the Singapore Exchange Securities Trading Limited.

The Board of Directors hereby confirms that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements of the Group and the Company for the second quarter and half year ended 30 June 2019 to be false or misleading in any material aspect.

16 Confirmation pursuant to Rule 720(1) of the Listing Manual (Section B: Rules of Catalyst) of the Singapore Exchange Securities Trading Limited.

The Board of Directors hereby confirms that the undertakings from all its Directors and Executive Officers as required in the format as set out in Appendix 7H under Rule 720(1) of the Listing Manual had been obtained.

BY ORDER OF THE BOARD

DR. BEH SUAN TIONG
EXECUTIVE CHAIRMAN
7 AUGUST 2019

This announcement has been prepared by the Company and its content have been reviewed by the Company's Sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"), in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst.

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms. Jennifer Tan, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and Email: sponsorship@ppcf.com.sg).