



SINGAPORE MEDICAL GROUP LIMITED (Co. Reg. No.: 200503187W)

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

- 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

CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	31/12/2017	31/12/2016	Increase/ (decrease)
	S\$'000	S\$'000	%
Revenue	68,001	41,580	63.5
Cost of sales	(39,027)	(26,675)	46.3
Gross profit	28,974	14,905	94.4
Financial income	59	12	391.7
Other income	360	85	323.5
Other (losses)/gains – <i>Refer to (i)</i>	(93)	731	N.M.
Distribution and selling expenses	(2,890)	(2,466)	17.2
Administrative expenses	(15,950)	(9,754)	63.5
Financial expenses	(723)	(116)	523.3
Share of results of joint venture entities	(254)	(354)	(28.2)
Profit before tax	9,483	3,043	211.6
Income tax expense	(751)	(169)	344.4
Profit for the year	8,732	2,874	203.8
Other comprehensive income			
Foreign currency translation	(93)	12	N.M.
Total comprehensive income for the year	8,639	2,886	199.3
Profit attributable to:			
Owners of the Company	8,499	2,423	250.8
Non-controlling interests	233	451	(48.3)
	8,732	2,874	203.8
Total comprehensive income attributable to:			
Owners of the Company	8,406	2,435	245.2
Non-controlling interests	233	451	(48.3)
	8,639	2,886	199.3

N.M. – Not meaningful

Notes to the Consolidated Income Statement

	31/12/2017	31/12/2016	Increase/ (decrease)
	S\$'000	S\$'000	%
(i) Other Losses/(Gains)			
Gain on re-measuring previously held equity interest in joint venture entity to fair value on business combination	-	(1,612)	(100.0)
Impairment loss on property, plant and equipment	-	52	(100.0)
(Reversal of)/Impairment loss on amounts due from joint ventures	(45)	408	N.M.
(Reversal of)/Impairment loss on investment in joint ventures	(187)	384	N.M.
Loss on dilution of interest in joint venture entity	-	16	(100.0)
(Gain)/Loss on liquidation of subsidiary	(4)	21	N.M.
Transaction costs on acquisition of subsidiaries	329	-	100.0
	<u>93</u>	<u>(731)</u>	
(iii) Profit for the year is determined after charging/(crediting) the following:			
Depreciation and amortisation	2,646	1,363	94.1
Operating lease expenses	4,599	3,232	42.3
Personnel expenses	17,092	12,912	32.4
Loss on disposal of property, plant and equipment	85	2	4150.0
Impairment loss on trade receivables	40	-	100.0
Share-based compensation expense	201	136	47.8
Over provision of income tax in respect of prior years	(264)	-	100.0
	<u>(264)</u>	<u>-</u>	

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

	<u>Group</u>		<u>Company</u>	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	13,506	7,350	1,922	78
Intangible assets	119,199	9,593	-	-
Investment in subsidiaries	-	-	17,813	14,065
Investment in joint ventures	1,532	1,589	1,840	1,624
Other receivables	1,495	887	1,082	644
Deferred tax assets	1,039	722	170	170
	<u>136,771</u>	<u>20,141</u>	<u>22,827</u>	<u>16,581</u>
Current assets				
Inventories	1,521	1,126	-	-
Trade receivables	4,749	3,460	-	-
Prepayments	1,142	517	691	320
Other receivables	2,122	1,376	984	80
Due from related companies	-	-	81,275	9,558
Cash and cash equivalents	21,326	7,824	8,772	1,329
	<u>30,860</u>	<u>14,303</u>	<u>91,722</u>	<u>11,287</u>
Total assets	<u>167,631</u>	<u>34,444</u>	<u>114,549</u>	<u>27,868</u>
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	1,912	1,841	2	2
Other payables and accruals	9,241	4,437	950	428
Deferred purchase consideration	17,379	-	-	-
Due to related companies	-	-	10,030	3,685
Obligations under finance leases	883	880	-	-
Loans and borrowings	2,327	608	359	608
Income tax payable	1,776	400	-	-
	<u>33,518</u>	<u>8,166</u>	<u>11,341</u>	<u>4,723</u>
Net current (liabilities)/assets	<u>(2,658)</u>	<u>6,137</u>	<u>80,381</u>	<u>6,564</u>
Non-current liabilities				
Other payables	1,428	-	-	-
Deferred purchase consideration	15,668	-	-	-
Obligations under finance leases	897	1,502	-	-
Loans and borrowings	7,375	573	214	573
Provisions	309	270	15	15
Deferred tax liabilities	103	7	-	-
	<u>25,780</u>	<u>2,352</u>	<u>229</u>	<u>588</u>
Total liabilities	<u>59,298</u>	<u>10,518</u>	<u>11,570</u>	<u>5,311</u>
Net assets	<u>108,333</u>	<u>23,926</u>	<u>102,979</u>	<u>22,557</u>

	<u>Group</u>		<u>Company</u>	
	31/12/2017 S\$'000	31/12/2016 S\$'000	31/12/2017 S\$'000	31/12/2016 S\$'000
<u>Equity attributable to owners of the Company</u>				
Share capital	108,738	29,197	108,738	29,197
Share option reserve	526	325	526	325
Foreign currency translation reserve	(112)	(19)	-	-
Accumulated losses	(869)	(6,216)	(6,285)	(6,965)
	108,283	23,287	102,979	22,557
Non-controlling interests	50	639	-	-
Total equity	108,333	23,926	102,979	22,557
Total equity and liabilities	167,631	34,444	114,549	27,868

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

Amount repayable in one year or less, or on demand

At 31/12/2017		At 31/12/2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
2,851	359	880	608

Amount repayable after one year

At 31/12/2017		At 31/12/2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
8,058	214	1,502	573

Details of any collateral

Loans and borrowings

Loans and borrowings amounting to S\$9,129,000 (31/12/2016: S\$Nil) are secured by: (i) a charge over the share capital of 8 wholly-owned subsidiaries; (ii) an assignment of the sale and purchase agreements and the Deed of Profit Guarantee in relation to the Astra Companies (as defined herein); (iii) a first fixed charge over the consultancy agreements of certain doctors of the Group; and (iv) a fixed and floating charge on all assets of the Astra Companies.

Obligations under finance leases

Obligations under finance leases amounting to S\$1,780,000 (31/12/2016: S\$2,382,000) are secured by the Group's medical equipment with carrying amount of approximately S\$2,958,000 (31/12/2016: S\$3,286,000).

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

	31/12/2017	31/12/2016
	S\$'000	S\$'000
Profit before tax	9,483	3,043
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	2,646	1,363
Share-based compensation expense	201	136
Impairment loss on property, plant and equipment	-	52
Impairment loss on trade receivables	40	-
(Reversal of)/Impairment loss on amounts due from joint ventures	(45)	408
(Reversal of)/Impairment loss on investment in joint ventures	(187)	384
Interest income	(59)	(12)
Interest expense	485	116
Amortisation of loan costs	38	-
Accretion of interest on deferred purchase consideration	200	-
Loss on disposal of property, plant and equipment	85	2
Gain on re-measuring previously held equity interest in joint venture entity to fair value on business combination	-	(1,612)
Loss on dilution of interest in joint venture entity	-	16
(Gain)/Loss on liquidation of subsidiary	(4)	21
Share of results of joint venture entities	254	354
Total adjustments	3,654	1,228
Operating profit before working capital change	13,137	4,271
<u>Change in working capital</u>		
Decrease/(increase) in:		
Inventories	(164)	(60)
Trade and other receivables	(2,121)	(665)
Prepayments	(622)	(205)
Increase/(decrease) in:		
Trade payables	52	416
Other payables and accruals	3,009	879
Total change in working capital	154	365
Cash flow generated from operations	13,291	4,636
Interest received	59	12
Interest paid	(471)	(116)
Income tax paid	(91)	-
Net cash flows generated from operating activities	12,788	4,532
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,014)	(1,126)
Proceeds from disposal of property, plant and equipment	97	25
Net cash (outflow)/inflow from acquisition of subsidiaries	(16,889)	446
Net cash outflow from liquidation of subsidiary	-	(28)
Investment in joint venture entities	(103)	(1,857)
Convertible loan to a joint venture	(314)	-
Net cash flows used in investing activities	(22,223)	(2,540)

	31/12/2017 S\$'000	31/12/2016 S\$'000
Cash flows from financing activities		
Dividends paid to non-controlling interests	(226)	(160)
Proceeds from issuance of shares	15,933	285
Share issuance expenses	(401)	(136)
Proceeds from loan from joint venture entity	-	172
Proceeds from loans and borrowings	11,766	500
Repayment of loans and borrowings	(3,244)	(668)
Repayment under finance leases	(891)	(626)
Net cash flows generated from/(used in) financing activities	<u>22,937</u>	<u>(633)</u>
Net increase in cash and cash equivalents	13,502	1,359
Cash and cash equivalents at the beginning of financial year	<u>7,799</u>	<u>6,440</u>
Cash and cash equivalents at the end of financial year	<u>21,301</u>	<u>7,799</u>

For the purpose of the consolidated cash flow statement, the cash and cash equivalents comprise the following:

	31/12/2017 S\$'000	31/12/2016 S\$'000
Cash and cash equivalents as stated in the consolidated balance sheet	21,326	7,824
Less: Deposit pledged for bank facility	<u>(25)</u>	<u>(25)</u>
Cash and cash equivalents as stated in the consolidated statement of cash flow	<u>21,301</u>	<u>7,799</u>

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

GROUP

At 1 January 2017

Profit for the year

Foreign currency translation differences

Total comprehensive income for the year

Issue of shares

Share issuance expenses

Share-based compensation expense

Dividends on ordinary shares

Acquisition of subsidiaries

Acquisition of non-controlling interests without a change in control

At 31 December 2017

At 1 January 2016

Profit for the year

Foreign currency translation differences

Total comprehensive income for the year

Issue of shares

Share issuance expenses

Share-based compensation expense

Dividends on ordinary shares

Acquisition of subsidiary

Acquisition of non-controlling interests without a change in control

At 31 December 2016

Attributable to owners of the Company						
Share capital	Share option reserve	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
29,197	325	(19)	(6,216)	23,287	639	23,926
-	-	-	8,499	8,499	233	8,732
-	-	(93)	-	(93)	-	(93)
-	-	(93)	8,499	8,406	233	8,639
15,933	-	-	-	15,933	-	15,933
(401)	-	-	-	(401)	-	(401)
-	201	-	-	201	-	201
-	-	-	-	-	(226)	(226)
60,261	-	-	-	60,261	-	60,261
3,748	-	-	(3,152)	596	(596)	-
108,738	526	(112)	(869)	108,283	50	108,333
18,705	189	(31)	(8,552)	10,311	651	10,962
-	-	-	2,423	2,423	451	2,874
-	-	12	-	12	-	12
-	-	12	2,423	2,435	451	2,886
285	-	-	-	285	-	285
(136)	-	-	-	(136)	-	(136)
-	136	-	-	136	-	136
-	-	-	-	-	(460)	(460)
10,343	-	-	-	10,343	71	10,414
-	-	-	(87)	(87)	(74)	(161)
29,197	325	(19)	(6,216)	23,287	639	23,926

Company**At 1 January 2017**

Total comprehensive income for the year	-
Issue of shares	15,933
Share issuance expenses	(401)
Share-based compensation expense	-
Acquisition of subsidiary	60,261
Acquisition of non-controlling interests without a change in control	3,748

At 31 December 2017**At 1 January 2016**

Total comprehensive income for the year	-
Issue of shares	285
Share issuance expenses	(136)
Share-based compensation expense	-
Acquisition of subsidiary	10,343

At 31 December 2016

Share capital	Share option reserve	Accumulated losses	Total equity
S\$'000	S\$'000	S\$'000	S\$'000
29,197	325	(6,965)	22,557
-	-	680	680
15,933	-	-	15,933
(401)	-	-	(401)
-	201	-	201
60,261	-	-	60,261
3,748	-	-	3,748
108,738	526	(6,285)	102,979
18,705	189	(7,229)	11,665
-	-	264	264
285	-	-	285
(136)	-	-	(136)
-	136	-	136
10,343	-	-	10,343
29,197	325	(6,965)	22,557

- 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.

Share capital

	2017		2016	
	No. of shares '000	S\$'000	No. of shares '000	S\$'000
<u>Issued and fully paid ordinary shares</u>				
At 1 January	311,033	29,197	276,029	18,705
Issued for acquisition of subsidiaries (note 1)	108,471	60,261	33,363	10,343
Issued for Placement (note 2)	30,000	15,000	-	-
Share issuance expense (note 3)	-	(401)	-	(136)
Issued for acquisition of non-controlling interests in a subsidiary (note 4)	5,392	3,748	-	-
Issued upon exercise of share options (note 5)	4,519	933	1,641	285
At 31 December	459,416	108,738	311,033	29,197

Note 1

The Company had:

- (i) On 20 February 2017 issued a total of 81,110,310 ordinary shares to 5 individuals, pursuant to the sale and purchase agreements dated 6 December 2016 between the Company, SMG Astra Women's Specialists Pte. Ltd. and the 5 individuals, to acquire the entire equity interest in Astra Women's Specialists (WB) Pte. Ltd., The Women's Specialist Centre (HC) Pte. Ltd., Fong's Clinic Pte. Ltd., Astra Centre for Women & Fertility Pte. Ltd., Astra Women's Specialists (JL) Pte. Ltd., TCK@Novena Pte. Ltd. and Alpha Healthcare International Pte. Ltd. (collectively, the "**Astra Companies**"). Upon the completion of the acquisitions, the Astra Companies became wholly-owned subsidiaries of the Group.
- (ii) On 6 July 2017 issued a total of 21,024,931 ordinary shares to 2 individuals, pursuant to the sale and purchase agreements dated 12 June 2017 between the Company, SMG Kids Clinic Pte. Ltd. and the 2 individuals, to acquire the entire equity interest in Children Clinic Central Pte. Ltd. and Kids Clinic @Bishan Pte. Ltd. (collectively, the "**Kids Clinics**"). Upon the completion of the acquisitions, the Kids Clinics became wholly-owned subsidiaries of the Group.
- (iii) On 7 November 2017 issued 6,336,221 ordinary shares to an individual, pursuant to the sale and purchase agreement dated 17 October 2017 between the Company, SMG Kids Clinic Pte. Ltd. and the individual, to acquire the entire equity interest in Babies and Children Specialist Clinic Pte. Ltd. ("**BCSC**"). Upon the completion of the acquisition, BCSC became a wholly-owned subsidiary of the Group.

Note 2

The Company had on 16 February 2017 entered into a placement agreement with CHA Healthcare Co., Ltd ("**CHC**"), where CHC was subsequently substituted as a party to the placement agreement by its wholly-owned subsidiary, CHA Healthcare Singapore Pte. Ltd. ("**CHS**"), through a novation agreement entered into between the Company, CHC and CHS on 13 March 2017, to issue an aggregate of 30,000,000 new ordinary shares (the "**Placement Shares**") in the issued share capital of the Company at an issue price of S\$0.50 per Placement Share. Following the issue and allotment of the Placement Shares on 15 March 2017, the Company received proceeds of S\$15.0 million. The number of issued shares of the Company increased from 392,143,092 to 422,143,092.

Note 3

The share issuance expenses were incurred for the issuance of shares for acquisition of subsidiaries (refer to note 1), Placement (refer to note 2) and acquisition of non-controlling interests in a subsidiary (refer to note 4).

Note 4

The Company had on 14 July 2017 issued 5,392,428 ordinary shares to Dr Wong Seng Weng pursuant to the sale and purchase agreement dated 20 April 2017 between the Company and Dr Wong Seng Weng to acquire additional 10% equity interest in Cancer Centre Pte. Ltd. Upon the completion of the acquisition, Cancer Centre Pte. Ltd became a 90% owned subsidiary of the Company.

Note 5

The Company issued 4,519,000 ordinary shares following the exercise of share options under the SMG Share Option Scheme during the financial year ended 31 December 2017.

Share Option

The SMG Share Option Scheme ("SSOS") was approved by the shareholders at the Extraordinary General Meeting on 30 April 2014. During the financial year, the Company granted a total of 765,000 (2016: 6,960,000) share options to employees under the SSOS and released the announcement via SGXNET on 3 April 2017. As at 31 December 2017, the number of shares that may be issued on conversion of all the outstanding share options was 6,480,000 (31/12/2016: 10,404,000).

The movement of share options of the Company during the financial year is as follows:

Date of grant of options	Exercise price per share	Options outstanding at 01/01/2017	Options granted	Options exercised	Options forfeited/ expired	Options outstanding at 31/12/2017	Expiry date
12/05/2014	S\$0.173	3,034,000	-	(3,034,000)	-	-	11/05/2019
20/08/2014	S\$0.185	160,000	-	(160,000)	-	-	19/08/2019
10/07/2015	S\$0.145	370,000	-	(145,000)	-	225,000	09/07/2020
22/09/2016	S\$0.303	6,840,000	-	(1,180,000)	(80,000)	5,580,000	21/09/2021
03/04/2017	S\$0.544	-	765,000	-	(90,000)	675,000	02/04/2022
		10,404,000	765,000	(4,519,000)	(170,000)	6,480,000	

Save as disclosed above, there were no other outstanding options and convertibles as at 31 December 2017 and 31 December 2016.

There were no treasury shares held by the Company as at 31 December 2017 and 31 December 2016.

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.

	As at <u>31/12/2017</u>	As at <u>31/12/2016</u>
Total number of issued shares (excluding treasury shares)	459,415,672	311,032,782

There were no treasury shares as at 31 December 2017 and 31 December 2016

As at 28 February 2018, the number of issued shares (excluding treasury shares) is 459,415,672.

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. There were no treasury shares during and 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 the Company's 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 financial statements have been applied

Except as disclosed in paragraph 5, the accounting policies and methods of computation have been consistently applied by the Group and the Company and are consistent with the audited financial statements for the financial year ended 31 December 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 Group has adopted all the applicable new and revised Financial Reporting Standards ("**FRS**") and Interpretations of Financial Reporting Standards ("**INT FRS**") which became effective for the accounting periods beginning on or after 1 January 2017. The adoption of these new and revised FRS and INT FRS are currently assessed to have no material financial impact on the Group's financial statements for the current financial period reported on.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-

- (a) based on the weighted average number of ordinary shares on issue; and**
(b) on a fully diluted basis (detailing any adjustments made to the earnings).

	Group	
	31/12/2017	31/12/2016
Net profit attributable to the owners of the Company (S\$'000)	8,499	2,423
Earnings per share (cents per share)		
- Basic	2.02	0.84
- Diluted	1.99	0.84

The basic earnings per share for the financial year ended 31 December 2017 is calculated by dividing the net profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue of 420,773,173. The diluted earnings per share for the financial year ended 31 December 2017 is calculated by dividing the net profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue of 427,794,801. The weighted average number of ordinary shares for diluted earnings per share computation has taken into consideration the share options granted to the employees under the existing employee share option plan.

The basic earnings per share for the financial year ended 31 December 2016 is calculated by dividing the net profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue of 286,945,151. The diluted earnings per share for the financial year ended 31 December 2016 is calculated by dividing the net profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue of 287,696,149. The weighted average number of ordinary shares for diluted earnings per share computation has taken into consideration the share options granted to the employees under the existing employee share option plan.

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**

	Group		Company	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Net asset value per ordinary share (cents)	23.57	7.49	22.42	7.25

Net asset value per ordinary share is calculated based on 459,415,672 and 311,032,782 ordinary shares outstanding as at 31 December 2017 and 31 December 2016, respectively.

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, asset or liabilities of the group during the current financial period reported on**

Income statement

For the financial year ended 31 December 2017 ("FY2017"), the Group's revenue increased by 63.5% from S\$41.6 million for the financial year ended 31 December 2016 ("FY2016") to S\$68.0 million. The increase was mainly due to:

- (a) Increase in revenue of Health Business segment by S\$20.6 million mainly contributed by the subsidiaries acquired in FY2017 namely the Astra Companies, the Kids Clinics and BCSC; and
- (b) Increase in revenue of Diagnostic & Aesthetics Business segment by S\$5.8 million mainly contributed by the subsidiary, Lifescan Imaging Pte. Ltd. ("LSI"), where the Group acquired the remaining 61.9% interest it did not own before September 2016.

Gross profit increased by 94.4% from S\$14.9 million for FY2016 to S\$29.0 million for FY2017 as a result of increase in revenue. Gross profit margin increased by seven percentage points from 36% in FY2016 to 43% in FY2017 mainly due to improvement in profit margin of the Health Business segment.

Other income increased by 323.5% to S\$0.4 million mainly due to increase in government grants received in FY2017 and miscellaneous income.

Other losses for FY2017 comprise transaction costs on acquisition of subsidiaries of S\$0.3 million, offset by one-off items such as reversal of impairment loss on amounts due from joint ventures and investment in joint ventures. Other gains for FY2016 relate to gain on re-measuring previously held equity interest in joint venture entity to fair value on business combination of S\$1.6 million, offset by one-off items such as impairment loss on property, plant and equipment, impairment loss on amounts due from joint venture entities and impairment loss on investment in joint ventures.

Distribution and selling expenses increased by 17.2% from S\$2.5 million for FY2016 to S\$2.9 million for FY2017 mainly driven by increase in revenue.

Administrative expenses increased by 63.5% from S\$9.8 million for FY2016 to S\$16.0 million for FY2017. This is mainly due to increase in staff headcount resulting from the acquisition of LSI, the Astra Companies, the Kids Clinics and BCSC on 9 September 2016, 8 February 2017, 1 July 2017 and 1 November 2017 respectively, and a higher depreciation expense for the financial year resulting from the acquisition of LSI.

Financial expenses increased by 523.3% from S\$0.1 million for FY2016 to S\$0.7 million for FY2017 mainly due to higher interest expenses incurred for a new bank loan obtained for the acquisition of the Astra Companies, finance leases arising from the acquisition of LSI in September 2016 and accretion of interest on deferred purchase consideration of S\$0.2 million.

Share of loss of joint venture entities decreased by 28.2% from S\$0.4 million for FY2016 to S\$0.3 million for FY2017 mainly due to improvement in the financial performance of the joint venture entity, PT Ciputra SMG (“PTCS”), and the liquidation of loss making joint venture entity, SMG Leaders Pte. Ltd., offset by losses incurred by the joint venture entity, SMG International (Vietnam) Pte. Ltd. (“SMGIV”). The investment in SMGIV was made in January 2017 and its business is still at the ramping up phase.

Income tax expense increased by 344.4% from S\$0.2 million for FY2016 to S\$0.8 million for FY2017. This is mainly due to improved profits of the Group for FY2017, offset by the recognition of deferred tax assets relating to unutilised capital allowance.

Consolidated Balance Sheet

Non-current assets increased by S\$116.7 million from S\$20.1 million as at 31 December 2016 to S\$136.8 million as at 31 December 2017, mainly due to:

- (a) Increase in property, plant and equipment of S\$6.2 million arising from the acquisition of the Astra Companies and new asset additions, offset by depreciation charged for the financial year;
- (b) Increase in intangible assets of S\$109.6 million as a result of goodwill arising from the acquisition of the Astra Companies, the Kids Clinics¹ and BCSC¹;
- (c) Increase in other non-current receivables of S\$0.6 million as a result of increase in rental deposits from the lease of new premises during the financial year and a convertible loan provided to a joint venture; and
- (d) Increase in deferred tax assets of S\$0.3 million.

Current assets increased by S\$16.6 million from S\$14.3 million as at 31 December 2016 to S\$30.9 million as at 31 December 2017, mainly due to increase in cash and cash equivalents by S\$13.5 million, increase in inventories by S\$0.4 million, increase in trade receivables by S\$1.3 million, increase in prepayments by S\$0.6 million and increase in other receivables by S\$0.8 million.

Current liabilities increased by S\$25.3 million from S\$8.2 million as at 31 December 2016 to S\$33.5 million as at 31 December 2017, mainly due to: (a) increase in other payables and accruals of S\$4.8 million; (b) the current portion of the deferred purchase consideration for acquisition of subsidiaries of S\$17.4 million; (c) increase in current portion of loans and borrowings of S\$1.7 million arising from a new bank loan obtained during the financial year; and (d) increase in income tax payable of S\$1.4 million.

Non-current liabilities increased by S\$23.4 million from S\$2.4 million as at 31 December 2016 to S\$25.8 million as at 31 December 2017, mainly due to increase in loans and borrowings arising from a new bank loan obtained during the financial year, increase in non-current other payables, the non-current portion of the deferred purchase consideration for acquisition of subsidiaries of S\$15.7 million and increase in deferred tax liabilities. The increase is offset by decrease in obligations under finance leases as a result of reclassification from non-current to current during the financial year to reflect repayment of finance leases.

Please refer to paragraph 1(d)(ii) for details of increase in share capital.

The Group has net current liabilities of S\$2.7 million (2016: S\$Nil) as at 31 December 2017 mainly due to the deferred purchase consideration of S\$17.4 million which is expected to be paid within 12 months after the balance sheet date. On 8 February 2018, S\$11.0 million of the deferred purchase consideration was paid out of which S\$6 million was funded by a new bank loan drawn down from a financial institution.

¹ The Group is still in the process of completing the purchase price allocation on the acquisition of the Kids Clinics and BCSC and the goodwill arising from this acquisition is subject to change.

Cash Flow Statement

Net cash flows generated from operating activities of S\$12.8 million arose mainly from the operating profit before working capital changes of S\$13.1 million and inflow of working capital of S\$0.2 million, offset by interest payment of S\$0.5 million.

Net cash flows used in investing activities of S\$22.2 million were mainly attributed to the purchase of property, plant and equipment, acquisition of subsidiaries, the Astra Companies, the Kids Clinics and BCSC, a convertible loan provided to a joint venture and investment in joint venture entities namely PTCS.

Net cash flows generated from financing activities of S\$22.9 million were mainly from proceeds from issuance of shares of S\$15.9 million and proceeds from loans and borrowings of S\$11.7 million, offset by dividends paid to non-controlling interests of S\$0.2 million, share issuance expenses of S\$0.4 million, and repayment of loans and borrowings and finance leases of S\$3.2 million and S\$0.9 million respectively.

Cash and cash equivalents was S\$21.3 million as at 31 December 2017, compared to S\$7.8 million as at 31 December 2016.

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

No forecast or prospect statement has been previously disclosed to shareholders.

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.

Across the region, the demand for private healthcare consumption is on the rise due to structural factors such as an ageing population, increasing affluence and the prevalence of chronic diseases.

Against this backdrop, the Group has taken a proactive approach by exporting its specialist healthcare services to the region. Through its investments in FY2017, the Group has transformed into a pan-Asian private healthcare specialist. In Ho Chi Minh City, Vietnam, the Group has made inroads in capturing growth opportunities with the addition of new doctors and specialties through its joint venture with CityClinic Asia Investments Pte. Ltd. As these initiatives remain to be in their initial stages of growth, the investment is not expected to have an impact on the Group's financial statements until the completion of its ramp-up phase.

On 31 January 2018, the Group together with CHC announced the majority stake acquisition of Australia's fourth largest IVF clinic group, CFC Global Pty Ltd ("**CFC**"). Through its partnership with CHC and CFC, the Group aims to utilise this leading specialist IVF platform to actively pursue growth opportunities throughout the Asia-Pacific region, where Vietnam has been identified as a natural target for progression.

In Singapore, the Group has focused on driving growth within its women's health vertical. Through organic growth, the Group has taken its total number of Obstetrics & Gynaecology ("**O&G**") specialists to ten while another senior O&G specialist is expected to join in the first quarter of 2018. Complementing the O&G segment was the Group's expansion into paediatrics through the acquisition of three clinics in FY2017. Within the paediatrics vertical, the Group has hired its fourth paediatrician to add to its previous pool of three. Starting with birth and paediatrics to areas such as health screening and other specialist fields, the Group's overall strategy has started to take shape as it intends to address and follow its patients' lifelong journey in health and wellness.

Within its Diagnostics segment, the Group has officially opened its new 5,500 square feet centre at Novena Medical Centre. Fully operational since February 2018, the new centre offers a comprehensive range of cross-disciplinary radiology services in a fast growing medical hub. In addition, the Group opened another diagnostics centre at OUE Downtown Gallery in light of rising demand for convenient access to imaging and radiology services in the central business district. On the organic growth front, the Group will also be introducing two cardiologists to kick start its specialty practice in Cardiology.

The Group is also constantly reviewing its costs structure and is progressively integrating acquired businesses by driving operational efficiencies in areas such as staffing, marketing and space utilisation. This has allowed the Group to derive revenue and cost synergies while leveraging on its existing regional network to scale and promote cross-selling opportunities. In addition to driving organic growth, the Group continues to explore value-driven investment opportunities that are synergistic with Group's existing specialties.

11. Dividend

- (a) *Whether an interim (final) ordinary dividend has been declared (recommended); and*

No dividend has been declared or recommended for the current financial period.

- (b) *Corresponding Period of the Immediately Preceding Financial Year*

No dividend has been declared or recommended for the corresponding period of the immediately preceding financial year.

- (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 p.m.) 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 or recommended for FY2017.

13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transaction 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 for interested person transactions. The aggregate value of the interested person transactions conducted in FY2017 is disclosed below.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review	
	31/12/2017 S\$'000	31/12/2016 S\$'000
K S Beng Pte Ltd - Rental	163	157
MW Medical Holdings Pte Ltd - Rental	177	184
MW Medical Pte Ltd - Nursing services	9	8
BB Ventures Pte Ltd - Rental	42	42

14. Negative confirmation pursuant to Rule 705(5).

Not applicable as it is not required for announcement on full year results.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H of the Catalist Rules) under Rule 720(1) of the Catalist Rules.

16. Use of proceeds from the Placement

Placement

The net proceeds from the Placement Issue, which was completed on 15 March 2017, was approximately S\$15.0 million and the Company had fully utilised the proceeds as at 28 February 2018. The utilisation of the proceeds is as follows:

	<u>Actual</u> <u>S\$'million</u>	<u>Intended</u> <u>S\$'million</u>
Net proceeds	15.0	15.0
Less:		
(i) Merger and acquisition opportunities	(10.4)	(10.4)
(ii) Expansion into other South East Asia countries	(0.3)	(0.3)
(iii) Growing existing business	(4.3)	(4.3)
Balance as at 28 February 2018	<u>-</u>	

The above use of the net proceeds is in accordance with the intended use as stated in the change of use and re-allocation of the proceeds from the Placement as stated in the announcement dated 8 February 2018.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

17. **Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

<u>2017</u>	<u>Health</u> <u>S\$'000</u>	<u>Diagnostic & Aesthetics</u> <u>S\$'000</u>	<u>Others</u> <u>S\$'000</u>	<u>Adjustment and Elimination</u> <u>S\$'000</u>	<u>Total</u> <u>S\$'000</u>
Revenue:					
External customers	50,482	17,072	447	-	68,001
Inter-segment	685	1,636	481	(2,802)	-
Total revenue	51,167	18,708	928	(2,802)	68,001
Segment results:					
Segment gross profit	19,326	9,389	740	(481)	28,974
Depreciation and amortisation	(989)	(1,544)	(113)	-	(2,646)
Gain/(Loss) on disposal of property, plant and equipment	8	(88)	(5)	-	(85)
Share based compensation	(44)	-	(157)	-	(201)
Reversal of impairment loss on amounts due from joint ventures	-	45	-	-	45
Reversal of impairment loss on investment in joint ventures	-	187	-	-	187
Impairment of trade receivables	(20)	(20)	-	-	(40)
Financial income	-	-	59	-	59
Interest expenses	(328)	(126)	(31)	-	(485)
Amortisation of loan costs	-	(38)	-	-	(38)
Accretion of interest on deferred purchase consideration	(200)	-	-	-	(200)
Gain on liquidation of subsidiary	-	-	4	-	4
Share of result of joint venture entities	(230)	(24)	-	-	(254)
Unallocated expenses, net					(15,837)
Profit before tax					9,483
2016					
Revenue:					
External customers	29,897	11,224	459	-	41,580
Inter-segment	531	480	659	(1,670)	-
Total revenue	30,428	11,704	1,118	(1,670)	41,580
Segment results:					
Segment gross profit	8,971	5,652	933	(651)	14,905
Depreciation and amortisation	(373)	(941)	(49)	-	(1,363)
Share based compensation	(55)	-	(81)	-	(136)
Impairment loss on property, plant and equipment	(52)	-	-	-	(52)
Impairment loss on amounts due from joint ventures	(41)	(251)	(116)	-	(408)
Impairment loss on investment in joint ventures	-	(384)	-	-	(384)
Financial income	-	-	12	-	12
Financial expenses	-	(60)	(56)	-	(116)
Loss on liquidation of subsidiary	(21)	-	-	-	(21)
Gain on re-measuring previously held equity interest in joint venture entity to fair value on business combination	-	1,612	-	-	1,612
Loss on dilution of interest in joint venture entity	-	16	-	-	(16)
Share of result of joint venture entities	-	(352)	(2)	-	(354)
Unallocated expenses, net					(10,636)
Profit before tax					3,043

18. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Refer to paragraph 8 for further details.

19. A breakdown of sales

	Group			
	FY2017	FY2016	Increase/(decrease)	
	S\$'000	S\$'000	S\$'000	%
Sales reported for first half year	30,663	19,473	11,190	57.5
Operating profit after tax before deducting minority interest for first half year	4,053	830	3,223	388.3
Sales reported for second half year	37,338	22,107	15,231	68.9
Operating profit after tax before deducting minority interest for second half year	4,679	2,044	2,635	128.9

20. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

No dividends were declared for FY2016 and FY2017.

21. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10).

The information pursuant to Rule 704 (10) on persons occupying managerial positions in the Company or any of its principal subsidiaries who are related to a director or chief executive officer or substantial shareholder of the Company is as follows:

Name	Age	Remuneration/ Professional fees (S\$'000)	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Dr Jimmy Beng Keng Siew	74	279 (a)	Father of Dr Beng Teck Liang (Executive Director and Chief Executive Officer)	Medical Director of the urology practice Responsible for performing clinical duties associated with the urology practice and attending to patients since 2014.	None

Note:

(a) The professional fee paid is on a fee sharing basis as provided in the agreement between the Group and Dr Jimmy Beng.

BY ORDER OF THE BOARD

Dr Beng Teck Liang
Chief Executive Officer
28 February 2018

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "**Sponsor**"), for compliance with the relevant rules of the SGX-ST, this being the SGX-ST Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume 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.

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