



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 2018

	Fourth quarter			Year ended		
	31/12/2018	31/12/2017	Increase/ (decrease)	31/12/2018	31/12/2017	Increase/ (decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Revenue</b>	22,193	18,798	18.1	85,069	68,001	25.1
Cost of sales	(12,563)	(10,827)	16.0	(47,274)	(39,027)	21.1
<b>Gross profit</b>	9,630	7,971	20.8	37,795	28,974	30.4
Financial income	28	48	(41.7)	71	59	20.3
Other income	83	147	(43.5)	275	360	(23.6)
Other (losses)/gains	-	(93)	(100.0)	167	(93)	N.M
Distribution and selling expenses	(947)	(772)	22.7	(3,618)	(2,890)	25.2
Administrative expenses	(5,651)	(4,441)	27.2	(19,542)	(15,950)	22.5
Financial expenses	(290)	(334)	(13.2)	(1,100)	(723)	52.1
Share of results of joint ventures and associate	(49)	(26)	88.5	56	(254)	N.M
<b>Profit before tax</b>	2,804	2,500	12.2	14,104	9,483	48.7
Income tax credit/(expense)	132	28	371.4	(1,189)	(751)	58.3
<b>Profit for the year</b>	2,936	2,528	16.1	12,915	8,732	47.9
<b>Other comprehensive income</b>						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation	(150)	(11)	1263.6	(530)	(93)	469.9
<b>Total comprehensive income for the period</b>	2,786	2,517	10.7	12,385	8,639	43.4
<b>Profit attributable to:</b>						
Owners of the Company	2,944	2,511	17.2	12,928	8,499	52.1
Non-controlling interests	(8)	17	N.M	(13)	233	N.M
	2,936	2,528	16.1	12,915	8,732	47.9
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	2,794	2,500	11.8	12,398	8,406	47.5
Non-controlling interests	(8)	17	N.M	(13)	233	N.M
	2,786	2,517	10.7	12,385	8,639	43.4

N.M.: Not meaningful

## Notes to the Consolidated Income Statement

	<u>Fourth quarter</u>			<u>Year ended</u>		
	<u>31/12/2018</u>	<u>31/12/2017</u>	<u>Increase/ (decrease)</u>	<u>31/12/2018</u>	<u>31/12/2017</u>	<u>Increase/ (decrease)</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
<b>Other (losses)/gains</b>						
Reversal of impairment loss on amounts due from joint ventures	-	45	(100.0)	167	45	271.1
Reversal of impairment loss on investment in joint ventures	-	187	(100.0)	-	187	(100.0)
Gain on liquidation of subsidiary	-	4	(100.0)	-	4	(100.0)
Transaction costs on acquisition of subsidiaries	-	(329)	(100.0)	-	(329)	(100.0)
	<u>-</u>	<u>(93)</u>	<u>(100.0)</u>	<u>167</u>	<u>(93)</u>	<u>N.M</u>
<b>Profit for the year is determined after charging/(crediting) the following:</b>						
Depreciation of property, plant and equipment	915	821	11.4	3,882	2,646	46.7
Amortisation of intangible assets	80	-	100.0	80	-	100.0
Operating lease expenses	1,472	1,225	20.2	5,313	4,599	15.5
Personnel expenses	7,683	4,671	64.5	22,500	17,092	31.6
Share-based compensation expense	152	(53)	N.M	324	201	61.2
Loss/(Gain) on disposal of property, plant and equipment	1	87	(98.9)	(23)	85	N.M
Impairment loss on trade receivables	67	40	67.5	67	40	67.5
Over provision of income tax in respect of prior years	<u>(543)</u>	<u>(264)</u>	<u>105.7</u>	<u>(537)</u>	<u>(264)</u>	<u>103.4</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>	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	13,652	13,506	2,365	1,922
Intangible assets <sup>1</sup>	126,543	119,199	19	-
Investment in subsidiaries	-	-	113,664	17,813
Investment in joint ventures and associate	7,272	1,532	8,502	1,840
Other receivables	2,900	1,495	1,288	1,082
Deferred tax assets	844	1,039	170	170
	<u>151,211</u>	<u>136,771</u>	<u>126,008</u>	<u>22,827</u>
<b>Current assets</b>				
Inventories	1,694	1,521	-	-
Trade receivables	5,978	4,749	-	-
Prepayments	1,775	1,142	352	691
Other receivables	1,121	2,122	177	1,137
Due from related companies	-	-	8,525	79,401
Cash and cash equivalents	20,012	21,326	6,071	8,772
	<u>30,580</u>	<u>30,860</u>	<u>15,125</u>	<u>90,001</u>
<b>Total assets</b>	<u>181,791</u>	<u>167,631</u>	<u>141,133</u>	<u>112,828</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Trade payables	1,800	1,912	2	2
Other payables and accruals	12,566	9,241	993	1,103
Deferred purchase consideration	15,390	17,379	1,000	-
Due to related companies	-	-	-	8,156
Obligations under finance leases	1,446	883	281	-
Loans and borrowings	4,773	2,327	216	359
Income tax payable	1,776	1,776	-	-
	<u>37,751</u>	<u>33,518</u>	<u>2,492</u>	<u>9,620</u>
<b>Net current (liabilities)/assets</b>	<u>(7,171)</u>	<u>(2,658)</u>	<u>12,633</u>	<u>80,381</u>
<b>Non-current liabilities</b>				
Other payables	95	1,428	-	-
Deferred purchase consideration	1,335	15,668	-	-
Due to related companies	-	-	16,274	-
Obligations under finance leases	1,724	897	364	-
Loans and borrowings	9,980	7,375	-	214
Provisions	408	309	85	15
Deferred tax liabilities	170	103	-	-
	<u>13,712</u>	<u>25,780</u>	<u>16,723</u>	<u>229</u>
<b>Total liabilities</b>	<u>51,463</u>	<u>59,298</u>	<u>19,215</u>	<u>9,849</u>
<b>Net assets</b>	<u>130,328</u>	<u>108,333</u>	<u>121,918</u>	<u>102,979</u>

	<u>Group</u>		<u>Company</u>	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
	S\$'000	S\$'000	S\$'000	S\$'000
<b><u>Equity attributable to owners of the Company</u></b>				
Share capital	118,918	108,738	118,918	108,738
Share option reserve	443	526	443	526
Foreign currency translation reserve	(642)	(112)	-	-
Accumulated profits/(losses)	12,059	(869)	2,557	(6,285)
	130,778	108,283	121,918	102,979
Non-controlling interests	(450)	50	-	-
<b>Total equity</b>	130,328	108,333	121,918	102,979
<b>Total equity and liabilities</b>	181,791	167,631	141,133	112,828

<sup>1</sup> Intangible assets comprise computer software and goodwill. The Group is still in the process of completing the purchase price allocation on the acquisition of Pheniks Pte. Ltd. and the goodwill arising from this acquisition of S\$6,813,000 is subject to change.

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

##### Amount repayable in one year or less, or on demand

At 31/12/2018		At 31/12/2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
4,996	1,223	2,851	359

##### Amount repayable after one year

At 31/12/2018		At 31/12/2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
10,082	1,622	8,058	214

##### Details of any collateral

##### Loans and borrowings

Loans and borrowings amounting to S\$11,908,000 (31/12/2017: S\$9,129,000) 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<sup>2</sup>; (iii) a first fixed charge over the consultancy agreements of certain doctors of the Group; (iv) a fixed and floating charge on all assets of the Astra Companies; and (v) corporate guarantee taken by 2 subsidiaries of the Group.

<sup>2</sup> Astra Companies comprise Astra Women's Specialists (WB) Pte. Ltd., The Women's Specialist Centre (HC) Pte. Ltd., Fong's Clinic (TB) 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.

##### Obligations under finance leases

Obligations under finance leases amounting to S\$3,170,000 (31/12/2017: S\$1,780,000) are secured by the Group's medical equipment with carrying amount of approximately S\$4,695,000 (31/12/2017: S\$2,958,000).

**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**

	<u>Fourth quarter</u>		<u>Year ended</u>	
	<u>31/12/2018</u>	<u>31/12/2017</u>	<u>31/12/2018</u>	<u>31/12/2017</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Profit before tax	2,804	2,500	14,104	9,483
<u>Adjustments for:</u>				
Depreciation of property, plant and equipment	915	821	3,882	2,646
Amortisation of intangible assets	80	-	80	-
Interest income	(28)	(48)	(71)	(59)
Interest expense	223	122	798	485
Amortisation of loan costs	11	12	45	38
Accretion of interest on deferred purchase consideration	56	200	257	200
Loss/(Gain) on disposal of property, plant and equipment	1	87	(23)	85
Gain on liquidation of subsidiary	-	(4)	-	(4)
Reversal of impairment loss on investment in joint venture	-	(187)	-	(187)
Reversal of impairment loss on amounts due from joint ventures	-	(45)	(167)	(45)
Impairment loss on trade receivables	67	40	67	40
Share-based compensation expense	152	(53)	324	201
Share of results of joint venture and associate	49	26	(56)	254
Total adjustments	1,526	971	5,136	3,654
Operating profit before working capital change	4,330	3,471	19,240	13,137
<u>Change in working capital</u>				
Decrease/(increase) in:				
Inventories	125	82	(68)	(164)
Trade and other receivables	4	(536)	(887)	(2,121)
Prepayments	(350)	(410)	(493)	(622)
(Decrease)/increase in:				
Trade payables	(213)	(202)	(199)	52
Other payables and accruals	2,772	2,844	827	3,009
Total change in working capital	2,338	1,778	(820)	154
<b>Cash flow generated from operations</b>	<b>6,668</b>	<b>5,249</b>	<b>18,420</b>	<b>13,291</b>
Interest received	28	48	71	59
Interest paid	(187)	(108)	(760)	(471)
Income taxes refunded/(paid)	223	163	(924)	(91)
<b>Net cash flows generated from operating activities</b>	<b>6,732</b>	<b>5,352</b>	<b>16,807</b>	<b>12,788</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(504)	(2,743)	(2,899)	(5,014)
Purchase of intangible assets	(8)	-	(522)	-
Proceeds from sale of property, plant and equipment	-	9	60	97
Net cash outflow on acquisition of subsidiaries	(1,705)	(1,122)	(18,070)	(16,889)
Investment in associate	(226)	-	(5,592)	-
Investment in joint venture	-	-	-	(103)
Loans to a joint venture	(720)	-	(1,026)	(314)
<b>Net cash flows used in investing activities</b>	<b>(3,163)</b>	<b>(3,856)</b>	<b>(28,049)</b>	<b>(22,223)</b>

	<u>Fourth quarter</u>		<u>Year ended</u>	
	<u>31/12/2018</u>	<u>31/12/2017</u>	<u>31/12/2018</u>	<u>31/12/2017</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<b>Cash flows from financing activities</b>				
Dividend paid to non-controlling interests	(250)	-	(250)	(226)
Proceeds from issuance of shares	-	382	7,088	15,933
Share issuance expenses	-	(29)	(312)	(401)
Proceeds from loans and borrowings	-	866	10,600	11,766
Repayment of loans and borrowings	(1,233)	(1,426)	(5,608)	(3,244)
Repayment under finance leases	(386)	(258)	(1,590)	(891)
Deposit pledged for bank facility	25	-	25	-
<b>Net cash flows (used in)/generated from financing activities</b>	<b>(1,844)</b>	<b>(465)</b>	<b>9,953</b>	<b>22,937</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,725</b>	<b>1,031</b>	<b>(1,289)</b>	<b>13,502</b>
Cash and cash equivalents at the beginning of financial period/year	18,287	20,270	21,301	7,799
<b>Cash and cash equivalents at the end of financial period/year</b>	<b>20,012</b>	<b>21,301</b>	<b>20,012</b>	<b>21,301</b>

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

	<u>Fourth quarter</u>		<u>Year ended</u>	
	<u>31/12/2018</u>	<u>31/12/2017</u>	<u>31/12/2018</u>	<u>31/12/2017</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Cash and cash equivalents as stated in the consolidated statement of financial position	20,012	21,326	20,012	21,326
Less: Deposit pledged for bank facility	-	(25)	-	(25)
Cash and cash equivalents as stated in the consolidated statement of cash flows	20,012	21,301	20,012	21,301

**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 2018**

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

**At 31 December 2018**

**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**

Attributable to owners of the Company						
Share capital	Share option reserve	Foreign currency translation reserve	Accumulated profits/ (losses)	Total	Non-controlling interests	Total equity
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
108,738	526	(112)	(869)	108,283	50	108,333
-	-	-	12,928	12,928	(13)	12,915
-	-	(530)	-	(530)	-	(530)
-	-	(530)	12,928	12,398	(13)	12,385
7,495	(407)	-	-	7,088	-	7,088
(312)	-	-	-	(312)	-	(312)
-	324	-	-	324	-	324
-	-	-	-	-	(250)	(250)
2,997	-	-	-	2,997	(237)	2,760
118,918	443	(642)	12,059	130,778	(450)	130,328
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

**Company****At 1 January 2018**

Total comprehensive income for the year

Issue of shares

Share issuance expenses

Share-based compensation expense

Acquisition of subsidiary

**At 31 December 2018****At 1 January 2017**

Total comprehensive income for the year

Issue of shares

Share issuance expenses

Share-based compensation expense

Acquisition of subsidiaries

Acquisition of non-controlling interests  
without a change in control**At 31 December 2017**

<b>Share capital</b>	<b>Share option reserve</b>	<b>Accumulated losses</b>	<b>Total equity</b>
<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
108,738	526	(6,285)	102,979
-	-	8,842	8,842
7,495	(407)	-	7,088
(312)	-	-	(312)
-	324	-	324
2,997	-	-	2,997
118,918	443	2,557	121,918
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



**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.**

Share capital

	2018		2017	
	No. of shares		No. of shares	
	'000	S\$'000	'000	S\$'000
<u>Issued and fully paid ordinary shares</u>				
At 1 October	480,652	118,511	451,760	104,478
Issued for acquisition of subsidiary (note 1)	-	-	6,336	3,907
Share issuance expense (note 2)	-	-	-	(29)
Issued upon exercise of share options (note 3)	-	-	1,320	382
Reclassification from share option reserve for share options exercised by employees	-	407	-	-
At 31 December	480,652	118,918	459,416	108,738

Note 1

The Company had 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 share issuance expenses were incurred for the issuance of shares for acquisition of subsidiary (refer to note 1).

Note 3

In the fourth quarter ended 31 December 2017, the Company issued 1,320,000 ordinary shares following the exercise of share options under the SMG Share Option Scheme.

Share Option

The SMG Share Option Scheme ("**SSOS**") was approved by the shareholders at the Extraordinary General Meeting on 30 April 2014. During the fourth quarter ended 31 December 2018, no share options (Fourth quarter ended 31/12/2017: Nil) were granted to employees under the SSOS. As at 31 December 2018, the number of shares that may be issued on conversion of all the outstanding share options were 10,875,000 (31/12/2017: 6,480,000).

The movement of share options of the Company during the financial period from October to December 2018 is as follows:

Date of grant of options	Exercise price per share	Options outstanding at 01/10/2018	Options granted	Options exercised	Options forfeited/expired	Options outstanding at 31/12/2018	Expiry date
22/09/2016	S\$0.303	4,880,000	-	-	-	4,880,000	21/09/2021
03/04/2017	S\$0.544	675,000	-	-	-	675,000	02/04/2022
30/04/2018	S\$0.493	5,320,000	-	-	-	5,320,000	29/04/2023
		<u>10,875,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,875,000</u>	

#### Performance Share Plan

In addition to the SSOS, share awards can be granted to employees under the SMG Performance Share Plan (“**SPSP**”), which was approved by the shareholders at the Extraordinary General Meeting on 30 April 2014.

Depending on the achievement of pre-determined targets over the performance periods for the SPSP, the final number of performance shares awarded will be adjusted accordingly.

During the fourth quarter ended 31 December 2018, no performance shares (Fourth quarter ended 31/12/2017: Nil) were granted to employees under the SPSP. As at 31 December 2018, the number of outstanding performance shares granted under the SPSP were 336,000 (31/12/2017: Nil).

The details of the shares granted under SPSP are as follows:

Date of grant	Number of Performance Shares				Outstanding at 31/12/2018
	Outstanding at 01/10/2018	Granted	Adjustments <sup>#</sup>	Vested	
30/04/2018	336,000	-	-	-	336,000
	<u>336,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>336,000</u>

<sup>#</sup> Adjustment will be made at the end of each performance period upon meeting pre-determined performance targets by multiplying the higher of: (i) accumulated dividend yield; or (ii) 3% per annum on a compounded basis for the respective performance period.

Save as disclosed above, there were no other outstanding options and convertibles as at 31 December 2018 and 31 December 2017.

There were no treasury shares or subsidiary holdings held by the Company as at 31 December 2018 and 31 December 2017.

#### **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.**

	<u>As at 31/12/2018</u>	<u>As at 31/12/2017</u>
Total number of issued shares (excluding treasury shares)	<u>480,651,635</u>	<u>459,415,672</u>

There were no treasury shares as at 31 December 2018 and 31 December 2017.

As at 19 February 2019, the number of issued shares (excluding treasury shares) is 480,721,635.

**1(d)(iv) A statement showing all sales, transfer, 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 31 December 2018 and 31 December 2017.

**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 hold any subsidiary holdings as at 31 December 2018 and 31 December 2017.

**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**

Singapore-incorporated companies listed on the Singapore Exchange are required to apply a new financial reporting framework, the Singapore Financial Reporting Standards (International) ("**SFRS(I)**"), that is identical to the International Financial Reporting Standards for annual periods beginning on or after 1 January 2018.

The Group has adopted the new financial reporting framework, SFRS(I)s, on 1 January 2018 and has prepared its first set of financial statements under SFRS(I)s for the financial year ended 31 December 2018.

The adoption of the new SFRS(I) and SFRS(I) Interpretation ("**SFRS(I) INT**") do not have 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).**

	<b>Fourth quarter</b>		<b>Year ended</b>	
	<b>31/12/2018</b>	<b>31/12/2017</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
Net profit attributable to the owners of the Company (S\$'000)	2,944	2,511	12,928	8,499
Earnings per share (cents per share)				
- Basic	0.61	0.55	2.74	2.02
- Diluted	0.61	0.55	2.74	1.99

The basic earnings per share for the fourth quarter and year ended 31 December 2018 is calculated by dividing the net profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue of 480,651,635 and 471,076,458 (Fourth quarter and year ended 31 December 2017: 455,826,105 and 420,773,173) respectively. The diluted earnings per share for the fourth quarter and year ended 31 December 2018 is calculated by dividing the net profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue of 481,374,092 and 472,418,590 (Fourth quarter and year ended 31 December 2017: 458,395,356 and 427,794,801) respectively. 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**

	<b>Group</b>		<b>Company</b>	
	<b>31/12/2018</b>	<b>31/12/2017</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
Net asset value per ordinary share (cents)	27.21	23.57	25.37	22.42

Net asset value per ordinary share is calculated based on 480,651,635 and 459,415,672 ordinary shares outstanding as at 31 December 2018 and 31 December 2017, 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

##### *Revenue*

The Group's revenue increased by 18.1% from S\$18.8 million for the three-month financial period ended 31 December 2017 ("**4Q2017**") to S\$22.2 million for the three-month period ended 31 December 2018 ("**4Q2018**"). The increase was mainly due to:

- (a) Increase in revenue of Health Business segment by S\$0.7 million mainly contributed by the Kids Clinics<sup>3</sup> and the organic growth of the existing specialist clinics; and
- (b) Increase in revenue of Diagnostic & Aesthetics Business segment by S\$2.7 million mainly contributed by the new imaging centre at Novena and the contribution from the aesthetic clinic, which was acquired at the end of April 2018.

For the financial year ended 31 December 2018 (“FY2018”), the Group’s revenue increased by 25.1% from S\$68.0 million for the financial year 31 December 2017 (“FY2017”) to S\$85.1 million. The increase was mainly due to the same reasons as mentioned above.

<sup>3</sup> Kids Clinics comprises Children’s Clinic Central Pte. Ltd., Kids Clinic @ Bishan Pte. Ltd., and Babies and Children Specialist Clinic Pte. Ltd., all of which were acquired by the Group in the second half of 2017.

#### *Gross profit*

Gross profit increased by 20.8% from S\$8.0 million for 4Q2017 to S\$9.6 million for 4Q2018 as a result of increase in revenue. Gross profit margin increased by one percentage point from 42% in 4Q2017 to 43% in 4Q2018 mainly due to the change in sales mix of the Health Business segment and Diagnostic & Aesthetics Business segment.

For FY2018, gross profit increased by 30.4% from S\$29.0 million for FY2017 to S\$37.8 million while gross profit margin increased by one percentage point from 43% in FY2017 to 44% in FY2018. The increase was mainly due to the same reasons as mentioned above.

#### *Other income*

Other income decreased by 43.5% from S\$147,000 for 4Q2017 to S\$83,000 for 4Q2018 mainly due to lower miscellaneous income such as government grants.

For FY2018, other income decreased by 23.6% to S\$275,000. The decrease was mainly due to the same reasons as mentioned above.

#### *Other (losses)/gains*

There were no other gains in 4Q2018 while other losses for 4Q2017 comprise transaction costs on acquisition of subsidiaries of S\$0.3 million, offset by reversal of impairment loss on amounts due from joint ventures and investment in joint ventures.

Other gains for FY2018 relate to reversal of impairment loss on amounts due from joint ventures while other losses for FY2017 comprise the items as mentioned above.

#### *Distribution and selling expenses*

Distribution and selling expenses increased by 22.7% from S\$0.8 million for 4Q2017 to S\$0.9 million for 4Q2018 mainly driven by increase in revenue.

For FY2018, distribution and selling expenses increased by 25.2% from S\$2.9 million for FY2017 to S\$3.6 million. The increase was mainly due to the same reason as mentioned above.

#### *Administrative expenses*

Administrative expenses increased by 27.2% from S\$4.4 million for 4Q2017 to S\$5.7 million for 4Q2018. This was mainly due to increase in staff headcount arising from the acquired subsidiaries and a higher depreciation expense during the financial year.

For FY2018, administrative expenses increased by 22.5% from S\$16.0 million for FY2017 to S\$19.5 million. The increase was mainly due to the same reasons as mentioned above.

### *Financial expenses*

Financial expenses decreased by 13.2% from S\$334,000 for 4Q2017 to S\$290,000 for 4Q2018 mainly due to lower accretion of interest on deferred purchase consideration, offset by higher interest expenses arising from additional bank loans secured to fund the consideration for acquisitions and new finance leases obtained in 2018.

For FY2018, financial expenses increased by 52.1% from S\$0.7 million for FY2017 to S\$1.1 million. The increase was mainly due to interest expenses on additional bank loans secured to fund the consideration for acquisitions and new finance leases obtained in 2018, and accretion of interest on deferred purchase consideration.

### *Share of results of joint ventures and associate*

The Group has share of loss of joint ventures and associate of S\$49,000 for 4Q2018 compared to S\$26,000 for 4Q2017. The loss is mainly due to the associated company, CHA SMG (Australia) Pte. Ltd. (“**CSA**”), as a result of a higher income tax expense arising from the change of financial year end of its subsidiary, CFC Global Pty Ltd (“**CFC**”), and amortisation of brand name and recognition of additional service expenses upon finalisation of the purchase price allocation for the acquisition of CFC.

For FY2018, the Group has share of profit of joint ventures and associate of S\$56,000 compared to share of loss of joint ventures and associate of S\$254,000 for FY2017. This is mainly due to improvement in the financial performance of the joint venture entity, PT Ciputra SMG, and share of profit from CSA, offset by losses incurred by the joint venture entity, SMG International (Vietnam) Pte. Ltd. (“**SMGIV**”).

### *Income tax expense*

Income tax credit increased by 371.4% from S\$28,000 for 4Q2017 to S\$132,000 for 4Q2018. This is mainly due to increase in overprovision of prior year income tax which the Group recognised during the financial period.

For FY2018, income tax expense increased by 58.3% from S\$0.8 million for FY2017 to S\$1.2 million. This is mainly due to improved profits of the Group during the financial year.

### Statement of Financial Position

Non-current assets increased by S\$14.4 million from S\$136.8 million as at 31 December 2017 to S\$151.2 million as at 31 December 2018, mainly due to:

- (a) Increase in property, plant and equipment due to additions of medical equipment, offset by depreciation charged for the financial year;
- (b) Increase in intangible assets mainly due to goodwill arising from the acquisition of the Pheniks Pte. Ltd.<sup>4</sup>;
- (c) Increase in investment in joint ventures and associate mainly due to the Group’s investment in CSA in February 2018; and
- (d) Increase in other non-current receivables as a result of increase in rental deposits from the lease of new premises during the financial year and reclassification of rental deposits from current to non-current following the renewal of existing leases, and additional loans provided to a joint venture.

The increase is offset by decrease in deferred tax assets.

Current assets decreased by S\$0.3 million from S\$30.9 million as at 31 December 2017 to S\$30.6 million as at 31 December 2018, mainly due to decrease in cash and cash equivalents, and other receivables of S\$1.3 million and S\$1.0 million respectively, offset by increase in inventories, trade receivables and prepayments of S\$0.2 million, S\$1.2 million and S\$0.6 million respectively.

Current liabilities increased by S\$4.2 million from S\$33.5 million as at 31 December 2017 to S\$37.7 million as at 31 December 2018, mainly due to: (a) increase in other payables and accruals of S\$3.3 million; (b) increase in the current portion of obligations under finance leases of S\$0.6 million arising from new finance leases obtained during the financial year; and (c) increase in the current portion of loans and borrowings of S\$2.4 million arising from new bank loans obtained during the financial year. The increase is offset by: (a) decrease in trade payables of S\$0.1 million; and (b) decrease in the

current portion of the deferred purchase consideration of S\$2.0 million arising from the payment of deferred consideration.

Non-current liabilities decreased by S\$12.1 million from S\$25.8 million as at 31 December 2017 to S\$13.7 million as at 31 December 2018, mainly due to decrease in non-current other payables and the non-current portion of the deferred purchase consideration as a result of: (i) reclassification from non-current to current during the financial year, and (ii) payment of the deferred consideration, offset by increase in loans and borrowings, and obligations under finance leases arising from new bank loans and finance leases obtained during the financial year.

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

The Group has net current liabilities of S\$7.2 million (31/12/2017: S\$2.7 million) as at 31 December 2018 mainly due to the deferred purchase consideration of S\$15.4 million which is expected to be paid within the next 12 months. Based on the Group's projected operating cash flows and with existing debt facilities from financial institutions, management believes that the Group will have sufficient funds from its operations to meet its financial obligations as and when they fall due.

<sup>4</sup> *The Group is still in the process of completing the purchase price allocation on the acquisition of Pheniks Pte. Ltd. and the goodwill arising from this acquisition is subject to change.*

#### Statement of Cash Flow

##### **4Q2018**

Net cash flows generated from operating activities of S\$6.7 million for 4Q2018 arose mainly from the operating profit before working capital changes of S\$4.3 million, inflow of working capital of S\$2.4 million and income tax refund of S\$0.2 million, offset by interest payment of S\$0.2 million.

Net cash flows used in investing activities of S\$3.2 million for 4Q2018 were mainly attributed to the purchase of property, plant and equipment, payment of deferred purchase consideration and loans made to a joint venture.

Net cash flows used in financing activities of S\$1.8 million for 4Q2018 were mainly attributed to dividend paid to non-controlling interests of S\$0.2 million, repayment of loans and borrowings and finance leases of S\$1.2 million and S\$0.4 million respectively.

##### **FY2018**

Net cash flows generated from operating activities of S\$16.8 million for FY2018 arose mainly from the operating profit before working capital changes of S\$19.2 million and interest received of S\$0.1 million, offset by outflow of working capital of S\$0.8 million, income tax and interest payment of S\$0.8 million and S\$0.9 million respectively.

Net cash flows used in investing activities of S\$28.0 million for FY2018 were mainly attributed to the purchase of property, plant and equipment and intangible assets, acquisition of subsidiary and the payment of deferred purchase consideration, investment in associate and loans made to a joint venture.

Net cash flows generated from financing activities of S\$10.0 million for FY2018 were mainly attributed to proceeds from issuance of shares of S\$7.1 million, and proceeds from loans and borrowings of S\$10.6 million, offset by dividend paid to non-controlling interests of S\$0.2 million, share issuance expenses of S\$0.3 million, and repayment of loans and borrowings and finance leases of S\$5.6 million and S\$1.6 million respectively.

Cash and cash equivalents was S\$20.0 million as at 31 December 2018, compared to S\$21.3 million as at 31 December 2017.

#### **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.**

On the back of a year of record results, the Group continues to execute its growth initiatives in key specialist verticals such as Diagnostic Imaging, Obstetrics and Gynaecology (“O&G”) and Paediatrics.

Amid rising demand, the Group has opened a new paediatrics clinic and a new O&G clinic in Punggol as well as a new dental clinic in Bishan to capitalise on growth opportunities. To further complement the Group’s O&G and oncology segments, the Group is exploring the possibility of opening a breast care clinic, having identified two new specialist doctors to join the Group. In addition, the Group is exploring the possibility of opening a new imaging centre in the West of Singapore.

Overseas, the Group has implemented various growth strategies for its overseas market and remains optimistic on the continued growth of its joint ventures. Beyond the Group’s existing footprint which extends across Vietnam, Indonesia, Australia and Singapore, the Group is exploring new avenues for growth in countries such as Vietnam and Cambodia.

Following the acquisition of SW1 Clinic in April 2018, the Group has begun to scale its Aesthetics platform out into the region. The Group will officially launch SW1 Vietnam in the first quarter of 2019 with the planned opening of a new 4,000 square feet aesthetics centre. In addition, the Group has plans to penetrate into new geographies such as Malaysia and Indonesia which will serve as another gateway for regional expansion. Closer to home, the Group has opened a second SW1 Clinic at OUE Downtown Gallery in January 2019. Located in the central business district, this new aesthetics centre provides convenient access to aesthetics services against the backdrop of continual rising demand for its services.

The Group is also looking to strengthen its strategic partnership with CHA Healthcare Co., Ltd., which was built upon the premise of exploring near-term projects in Vietnam, Singapore and other key Asian markets. Any material developments on future corporate actions will be announced to shareholders accordingly.

Lastly, the Board continues to explore various avenues to enhance shareholder value and possible corporate actions that may unlock value for shareholders, given the Group’s improved performance, including the possibility of implementing a formal dividend policy in the financial year 2019 and a planned share buy-back mandate, subject to all necessary approvals and compliance.

**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 and the reason(s) for the decision**

No dividend has been declared or recommended for FY2018 in view of the funding needs of the Group for future business development and expansion.

**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 FY2018 is disclosed below.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review	
	31/12/2018 S\$'000	31/12/2017 S\$'000
K S Beng Pte Ltd - Rental	195	163
MW Medical Holdings Pte Ltd - Rental	170	177
MW Medical Pte Ltd - Nursing services	10	9
BB Ventures Pte Ltd - Rental	-	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 Rights Issue**

Rights Issue

The net proceeds from the Rights Issue, which was completed on 10 July 2018, was approximately S\$6.6 million and the Company had fully utilised the proceeds as at 19 February 2019.

	Actual S\$'million	Intended S\$'million
Net proceeds	6.6	6.6
(i) Merger and acquisitions	(5.4)	(5.4)
(ii) Growing existing business	(1.2)	(1.2)
Balance as at 19 February 2019	-	

The above use of proceeds is in accordance with the intended use as stated in the Offer Information Statement dated 18 June 2018 and the change of use and re-allocation of the proceeds from the Rights Issue as stated in the announcement dated 8 February 2019.

## 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.**

<b>2018</b>	<b><u>Health</u> S\$'000</b>	<b><u>Diagnostic &amp; Aesthetics</u> S\$'000</b>	<b><u>Others</u> S\$'000</b>	<b><u>Adjustment and Elimination</u> S\$'000</b>	<b><u>Total</u> S\$'000</b>
<b>Revenue:</b>					
External customers	60,129	24,368	572	-	85,069
Inter-segment	100	1,400	421	(1,921)	-
Total revenue	60,229	25,768	993	(1,921)	85,069
<b>Segment results:</b>					
Segment gross profit	24,149	13,305	762	(421)	37,795
Depreciation and amortisation	(987)	(2,288)	(687)	-	(3,962)
Gain/(Loss) on disposal of property, plant and equipment	23	1	(1)	-	23
Share based compensation	-	-	(324)	-	(324)
Reversal of impairment loss on amounts due from joint ventures	-	167	-	-	167
Impairment of trade receivables	(20)	(47)	-	-	(67)
Financial income	-	-	71	-	71
Interest expenses	(631)	(97)	(70)	-	(798)
Amortisation of loan costs	-	(45)	-	-	(45)
Accretion of interest on deferred purchase consideration	(257)	-	-	-	(257)
Share of result of joint ventures and associate	(120)	176	-	-	56
Unallocated expenses, net					(18,555)
Profit before tax					14,104
<b>2017</b>					
<b>Revenue:</b>					
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
<b>Segment results:</b>					
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 ventures	(230)	(24)	-	-	(254)
Unallocated expenses, net					(15,837)
Profit before tax					9,483

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			
	FY2018	FY2017	Increase/(decrease)	
	S\$'000	S\$'000	S\$'000	%
Sales reported for first half year	40,824	30,663	10,161	33.1
Operating profit after tax before deducting minority interest for first half year	6,910	4,053	2,857	70.5
Sales reported for second half year	44,245	37,338	6,907	18.5
Operating profit after tax before deducting minority interest for second half year	6,005	4,679	1,326	28.3

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 FY2018 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). If there are no such persons, the issuer must make an appropriate statement.

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	75	232 <sup>(a)</sup>	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**  
**19 February 2019**

*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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