



TALKMED GROUP LIMITED
(Company Registration No. 201324565Z)

UNAUDITED FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FOURTH QUARTER AND THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

PART I - INFORMATION REQUIRED FOR FULL YEAR RESULTS ANNOUNCEMENTS

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.

1(a)(i) The Directors of TalkMed Group Limited (the “**Company**”) are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the fourth quarter and the financial year ended 31 December 2017 (“**Q4 2017**” and “**FY 2017**” respectively). The comparable periods are defined as Q4 2016 and FY 2016 respectively in this announcement.

The Group	Q4 2017 \$'000 (Unaudited)	Q4 2016 \$'000 (Unaudited)	Increase / (Decrease) %	FY 2017 \$'000 (Unaudited)	FY 2016 \$'000 (Audited)	Increase / (Decrease) %
Revenue	15,148	18,378	(17.6%)	61,361	68,913	(11.0%)
Other item of income						
Other income	331	372	(11.0%)	883	908	(2.8%)
Other items of expense						
Employee benefits expense	(3,529)	(4,364)	(19.1%)	(16,160)	(16,859)	(4.1%)
Operating lease expense	(433)	(400)	8.3%	(1,693)	(1,506)	12.4%
Other operating expenses	(1,127)	(797)	41.4%	(4,025)	(2,336)	72.3%
Share of results of associate	(480)	(835)	(42.5%)	(1,828)	(3,632)	(49.7%)
Profit before tax	9,910	12,354	(19.8%)	38,538	45,488	(15.3%)
Income tax expense	(1,906)	(2,338)	(18.5%)	(7,341)	(8,607)	(14.7%)
Profit for the period/year	8,004	10,016	(20.1%)	31,197	36,881	(15.4%)
Attributable to:						
Owners of the Company	8,242	10,218	(19.3%)	32,036	37,391	(14.3%)
Non-controlling interests	(238)	(202)	17.8%	(839)	(510)	64.5%
	8,004	10,016	(20.1%)	31,197	36,881	(15.4%)

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.

The Group	Q4 2017 \$'000 (Unaudited)	Q4 2016 \$'000 (Unaudited)	Increase / (Decrease) %	FY 2017 \$'000 (Unaudited)	FY 2016 \$'000 (Audited)	Increase / (Decrease) %
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss						
Foreign currency translation	(632)	-	-	(632)	-	-
Share of other reserve of associate	1,997	-	-	1,997	-	-
Other comprehensive income for the period/year net of tax	1,365	-	-	1,365	-	-
Total comprehensive income for the period/year	9,369	10,016	(6.5%)	32,562	36,881	(11.7%)
Attributable to:						
Owners of the Company	9,607	10,218	(6.0%)	33,401	37,391	(10.7%)
Non-controlling interests	(238)	(202)	17.8%	(839)	(510)	64.5%
	9,369	10,016	(6.5%)	32,562	36,881	(11.7%)

1(a)(ii) The net profit attributable to owners of the Company includes the following charges:

The Group	Q4 2017 \$'000 (Unaudited)	Q4 2016 \$'000 (Unaudited)	Increase / (Decrease) %	FY 2017 \$'000 (Unaudited)	FY 2016 \$'000 (Audited)	Increase / (Decrease) %
Depreciation of plant and equipment	(114)	(81)	40.7%	(366)	(266)	37.6%
Interest income	313	326	(4.0%)	763	733	4.1%

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	
	31/12/2017 \$'000 (Unaudited)	31/12/2016 \$'000 (Audited)	31/12/2017 \$'000 (Unaudited)	31/12/2016 \$'000 (Audited)
ASSETS				
Non-current assets				
Plant and equipment	674	511	-	-
Investment in subsidiaries	-	-	5,003	4,113
Investment in associate	4,541	5,004	11,524	11,524
Loan to a subsidiary	-	-	1,905	-
Prepaid operating expenses	9	14	-	-
	5,224	5,529	18,432	15,637
Current assets				
Inventories	167	63	-	-
Prepaid operating expenses	273	178	13	16
Trade and other receivables	8,641	6,691	15,041	15,018
Cash and short-term deposits	71,051	63,996	9,771	7,741
	80,132	70,928	24,825	22,775
Total assets	85,356	76,457	43,257	38,412
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	1,581	1,735	29	3
Other liabilities	2,596	2,018	139	160
Income tax payable	7,326	8,571	23	19
	11,503	12,324	191	182
Net current assets	68,629	58,604	24,634	22,593
Non-current liabilities				
Other liabilities	73	28	-	-
Loan from non-controlling shareholder to a subsidiary	1,270	-	-	-
	1,343	28	-	-
Total liabilities	12,846	12,352	191	182
Net assets	72,510	64,105	43,066	38,230
Equity attributable to owners of the Company				
Share capital	22,273	22,273	22,273	22,273
Merger reserve	(2,311)	(2,311)	-	-
Share-based payments reserve	346	-	346	-
Other reserve	2,006	-	-	-
Foreign currency translation reserve	(632)	-	-	-
Retained earnings	50,647	43,615	20,447	15,957
	72,329	63,577	43,066	38,230
Non-controlling interests	181	528	-	-
Total equity	72,510	64,105	43,066	38,230
Total equity and liabilities	85,356	76,457	43,257	38,412

1(b)(ii) In relation to the aggregate amount of 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.

	Q4 2017 \$'000 (Unaudited)	Q4 2016 \$'000 (Unaudited)	FY 2017 \$'000 (Unaudited)	FY 2016 \$'000 (Audited)
Operating Activities				
Profit before tax	9,910	12,354	38,538	45,488
<u>Adjustments for:</u>				
Depreciation of plant and equipment	114	81	366	266
Cost of share-based payments	273	-	484	-
Finance costs	33	-	33	-
Interest income	(313)	(326)	(763)	(733)
Share of results of associate	480	835	1,828	3,632
Operating cash flows before changes in working capital	<u>10,497</u>	<u>12,944</u>	<u>40,486</u>	<u>48,653</u>
Changes in working capital				
Increase in inventories	(55)	(63)	(104)	(63)
Increase in prepaid operating expenses	(109)	(81)	(90)	(74)
(Increase)/decrease in trade and other receivables	(3,009)	(117)	(1,996)	3,064
Increase/(decrease) in trade and other payables	187	174	(154)	222
(Decrease)/increase in other liabilities	(200)	(76)	623	731
Net changes in working capital	<u>(3,186)</u>	<u>(163)</u>	<u>(1,721)</u>	<u>3,880</u>
Cash flows from operations	7,311	12,781	38,765	52,533
Interest received	143	110	809	624
Income tax paid	(1,706)	(2)	(8,586)	(8,339)
Net cash flows from operating activities	<u>5,748</u>	<u>12,889</u>	<u>30,988</u>	<u>44,818</u>
Investing Activities				
Purchase of plant and equipment	(42)	(103)	(529)	(254)
Net cash flows used in investing activities	<u>(42)</u>	<u>(103)</u>	<u>(529)</u>	<u>(254)</u>

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.

	Q4 2017 \$'000 (Unaudited)	Q4 2016 \$'000 (Unaudited)	FY 2017 \$'000 (Unaudited)	FY 2016 \$'000 (Audited)
Financing Activities				
Dividends paid on ordinary shares	-	-	(25,004)	(30,130)
Loan from non-controlling shareholder to a subsidiary	-	-	1,600	-
Net cash flows used in financing activities	<u>-</u>	<u>-</u>	<u>(23,404)</u>	<u>(30,130)</u>
Net increase in cash and cash equivalents	5,706	12,786	7,055	14,434
Cash and cash equivalents at beginning of the period	<u>65,345</u>	<u>51,210</u>	<u>63,996</u>	<u>49,562</u>
Cash and cash equivalents at end of the period	<u>71,051</u>	<u>63,996</u>	<u>71,051</u>	<u>63,996</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.

The Group (Unaudited)	Share capital \$'000	Merger reserve \$'000	Share- based payments reserve \$'000	Other reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Non- controlling interests \$'000	Total equity \$'000
Balance at 1 January 2017	22,273	(2,311)	-	-	-	43,615	528	64,105
Profit for the year, representing total comprehensive income for the year	-	-	-	-	-	32,036	(839)	31,197
Other comprehensive income:								
- Foreign currency translation	-	-	-	-	(632)	-	-	(632)
- Share of other reserve of associate	-	-	-	1,997	-	-	-	1,997
Dividends paid to shareholders	-	-	-	-	-	(25,004)	-	(25,004)
Share-based payments	-	-	346	-	-	-	-	346
Loan from non-controlling shareholder to a subsidiary measured at fair value	-	-	-	-	-	-	363	363
Shares issued pursuant to performance shares awarded to a director of a subsidiary	-	-	-	-	-	-	138	138
Changes in ownership interest in subsidiary without a loss in control	-	-	-	9	-	-	(9)	-
Balance at 31 December 2017	22,273	(2,311)	346	2,006	(632)	50,647	181	72,510
The Group (Audited)								
Balance at 1 January 2016	22,273	(2,311)	-	-	-	36,354	1,038	57,354
Profit for the year, representing total comprehensive income for the year	-	-	-	-	-	37,391	(510)	36,881
Dividends paid to shareholders	-	-	-	-	-	(30,130)	-	(30,130)
Balance at 31 December 2016	22,273	(2,311)	-	-	-	43,615	528	64,105

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

The Company (Unaudited)	Share capital \$'000	Share-based payments reserve \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 January 2017	22,273	-	15,957	38,230
Profit for the year, representing total comprehensive income for the year	-	-	29,494	29,494
Dividends paid to shareholders	-	-	(25,004)	(25,004)
Share-based payments	-	346	-	346
Balance at 31 December 2017	22,273	346	20,447	43,066
The Company (Audited)				
Balance at 1 January 2016	22,273	-	16,501	38,774
Profit for the year, representing total comprehensive income for the year	-	-	29,586	29,586
Dividends paid to shareholders	-	-	(30,130)	(30,130)
Balance at 31 December 2016	22,273	-	15,957	38,230

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.

There are no changes in the Company's share capital since 30 September 2017. As at 31 December 2017 and 31 December 2016, there were no treasury shares held by the Company and there were no subsidiary holdings.

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	
	31/12/2017	31/12/2016
Total number of issued shares *	1,314,286,000	657,143,000

* 657,143,000 bonus shares had been allotted and issued on 9 May 2017 pursuant to the bonus issue of one (1) bonus share for one (1) existing ordinary share in the capital of the Company (the "Bonus Shares").

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.

There are no shares held as treasury shares as at 31 December 2017 and 31 December 2016.

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

There were no subsidiary holdings.

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

The figures have not been audited nor reviewed by our 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 for the adoption of the FRSs and Amendments to FRSs applicable for the financial period beginning on or after 1 January 2017 and as disclosed in paragraph 5 below, the same accounting policies and methods of computation have been applied. The adoption of new FRSs and Amendments to FRSs did not have any effect on the financial performance or position of the Group and the Company.

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.

Pursuant to the Bonus Shares issue on 9 May 2017, the aggregate number of the Company's issued shares increased from 657,143,000 to 1,314,286,000. As a result, the number of ordinary shares used in the computation of earnings per share calculations has been adjusted retrospectively as required by FRS 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.

The Group	Q4 2017 (Unaudited)	Q4 2016 (Unaudited) (Restated)*	FY 2017 (Unaudited)	FY 2016 (Audited) (Restated)*
Profit attributable to owners of the Company (\$'000)	8,242	10,218	32,036	37,391
Weighted average number of ordinary shares used in the computation of basic earnings per share	1,314,286,000	1,314,286,000 *	1,314,286,000	1,314,286,000 *
Basic earnings per share (cents)	0.63	0.78	2.44	2.84
Weighted average number of ordinary shares used in the computation of diluted earnings per share	1,314,615,860	1,314,286,000 *	1,314,615,860	1,314,286,000 *
Diluted earnings per share (cents)	0.63	0.78	2.44	2.84

* Please refer to paragraph 5 above.

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 (Unaudited)	31/12/2016 (Audited)	31/12/2017 (Unaudited)	31/12/2016 (Audited)
Net asset value attributable to owners of the Company (\$'000)	72,329	63,577	43,066	38,230
Net asset value per ordinary share at end of the financial period (cents) ⁽¹⁾	5.50	9.67	3.28	5.82
Net asset value per ordinary share at end of the financial period (cents) ⁽²⁾	5.50	4.84	3.28	2.91

The calculation of net asset value per ordinary share was based on:

⁽¹⁾ 657,143,000 shares and 1,314,286,000 shares at 31 December 2016 and 31 December 2017 respectively.

⁽²⁾ 1,314,286,000 shares for all periods, including the financial year ended 31 December 2016 ("FY 2016"), which had been restated to take into account the effects of the Bonus Shares issue on 9 May 2017.

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.**

Performance Review

Q4 2017 and FY 2017

Revenue

In Q4 2017, revenue for the Group decreased by \$3.23 million or 17.6% from \$18.38 million in Q4 2016 to \$15.15 million in Q4 2017.

The Group's revenue for FY 2017 was \$61.36 million, a decrease of \$7.55 million or 11.0% from \$68.91 million for the financial year ended 31 December 2016 ("**FY 2016**").

The decrease in revenue in both Q4 2017 and FY 2017 was mainly attributed to a decrease in the number of patient visits as compared to the same corresponding period last year.

Revenue from our operations in Vietnam, which were carried out through our wholly-owned subsidiary, TalkMed Vietnam Pte. Ltd., amounted to \$0.24 million, during FY 2017, a decrease of \$0.16 million or 39.3% compared to FY 2016.

Revenue derived from our 60%-owned subsidiary, Stem Med Pte. Ltd. ("**Stem Med**") for stem cell processing and storage services during the year amounted to \$1.69 million. This was an increase of \$1.29 million or 319.9% over last year.

Other item of income

Other income

The Group's other income comprised interest received on fixed deposits, government-paid childcare and maternity leave and government grants under the Wage Credit Scheme, Temporary Employment Credit and Special Employment Credit (collectively, the "**Grants**").

In Q4 2017, other income decreased by \$0.04 million or 11.0%. The decrease was mainly due to a lower amount of interest earned on fixed deposits and lower Grants received.

The Group's other income for FY 2017 was \$0.88 million, a decrease of \$0.03 million or 2.8% from \$0.91 million in FY 2016. The decrease was mainly due to lower Grants, offset by a higher amount of interest earned on fixed deposits.

Performance Review (cont'd)

Other items of expense

Employee benefits expense

Employee benefits expense comprised remuneration paid to doctors, nurses as well as other medical support staff. These included salaries and wages, allowances, CPF contributions, bonuses and staff benefits.

In Q4 2017, employee benefits decreased by \$0.83 million or 19.1% from \$4.36 million in Q4 2016 to \$3.53 million in Q4 2017.

Employee benefits for FY 2017 decreased by \$0.70 million or 4.1% from \$16.86 million in FY 2016 to \$16.16 million in FY 2017.

The decrease in employee benefits expense in both Q4 2017 and FY 2017 was mainly due to a decrease in salaries incurred.

Operating lease expense

In Q4 2017, operating lease expense increased by \$0.03 million or 8.3% from \$0.40 million in Q4 2016 to \$0.43 million in Q4 2017.

Operating lease expense for FY 2017 increased by \$0.18 million or 12.4% from \$1.51 million in FY 2016 to \$1.69 million in FY 2017.

The increase in operating lease expense in both Q4 2017 and FY 2017 was due to new operating leases that were effected in the quarter ended 30 September 2017 and Q4 2016.

Other operating expenses

Other operating expenses comprised mainly legal and professional fees, directors' fees, depreciation, overseas travel, laboratory consumables and services and cost of share-based payments.

In Q4 2017, other operating expenses increased by \$0.33 million or 41.4% from \$0.80 million in Q4 2016 to \$1.13 million in Q4 2017.

Other operating expenses for FY 2017 increased by \$1.69 million or 72.3% from \$2.34 million in FY 2016 to \$4.03 million in FY 2017.

The increase in operating expenses in both Q4 2017 and FY 2017 was mainly due to higher cost of share-based payments and overhead expenses incurred by Stem Med.

Share of results of associate

The Group's share of loss after tax of its associate, Hong Kong Integrated Oncology Centre Holdings Limited ("HKH") was \$0.48 million and \$1.83 million in Q4 2017 and FY 2017 respectively. This was an improvement of \$0.36 million and \$1.80 million respectively compared to the previous corresponding period of \$0.84 million and \$3.63 million in Q4 2016 and FY 2016 respectively.

Performance Review (cont'd)

Income tax expense

Income tax expense decreased by \$0.43 million or 18.5% from \$2.34 million in Q4 2016 to \$1.91 million in Q4 2017 due to lower profits in Q4 2017. The effective tax rate for Q4 2017 is 19.2% as compared to 18.9% in Q4 2016.

Income tax expense for FY 2017 decreased by \$1.27 million or 14.7% from \$8.61 million in FY 2016 to \$7.34 million in FY 2017 due to lower profits in FY 2017. The effective tax rate for FY 2017 is 19.0% as compared to 18.9% in FY 2016.

Profit after tax

The Group recorded profit after tax of \$8.00 million in Q4 2017 as compared to \$10.02 million in Q4 2016, a decrease of \$2.02 million or 20.1%. This was mainly due to a decrease in revenue offset by lower expenses and a decrease in the share of loss of associate.

In FY 2017, the Group recorded profit after tax of \$31.20 million as compared to \$36.88 million in FY 2016. The decrease of \$5.68 million or 15.4% was mainly due to a decrease in revenue, higher expenses offset by a decrease in the share of loss of associate.

Review of the Group's financial position

Non-current assets

The Group's non-current assets comprised plant and equipment, investment in associate and prepaid operating expenses. Non-current assets decreased by some \$0.30 million which was mainly attributable to a decrease in the carrying amount of our investment in associate pursuant to taking up the share of loss of associate of \$1.83 million and a translation loss of some \$0.63 million during the year offset against the share of other reserve of some \$2.00 million as well as an increase in plant and equipment of \$0.16 million which was mainly due to the purchase of plant and equipment by Stem Med.

Current assets

Current assets comprised inventories, prepaid operating expenses, trade and other receivables and cash and short-term deposits. Current assets increased by \$9.20 million which was attributable to the increase in cash and short-term deposits of \$7.06 million, inventories of \$0.10 million, prepaid and operating expenses of \$0.10 million and trade and other receivables of \$1.94 million.

The increase in cash and short-term deposits was mainly attributable to cash flows from operating activities while the increase in trade and other receivables was mainly due to higher outstanding from trade debtors compared to the same corresponding period last year.

Current liabilities

Current liabilities comprised trade and other payables, other liabilities and income tax payable. Current liabilities decreased by \$0.82 million. Trade and other payables decreased by \$0.15 million mainly due to lower GST payable. Income tax payable decreased by \$1.25 million due to lower profits. Other liabilities increased by \$0.58 million due to an increase in accrued operating expenses.

Review of the Group's financial position (cont'd)

Non-current liabilities

Non-current liabilities comprised other liabilities and loan from a non-controlling shareholder to a subsidiary. Non-current liabilities increased by \$1.32 million which was mainly attributable to the interest-free loan of \$1.60 million from non-controlling interests of StemCord Pte. Ltd. ("**StemCord**") to Stem Med, which was subsequently measured at amortised cost using the effective interest method and carried on the balance sheet at \$1.27 million.

Equity attributable to owners of the Company

The increase was mainly attributable to profits recognised during the year.

Non-controlling interests

This is related to the:-

- (i) 43%⁽¹⁾, 48.7%⁽²⁾ and 65.8%⁽³⁾ non-controlling interests' share in the net equity of Stem Med, Stem Med Indonesia Pte. Ltd. ("**SMI**") and A DrBrand Pte. Ltd. ("**ADB**") respectively; and
- (ii) 25% non-controlling interests' share in the net equity of TalkMed Chongqing Pte. Ltd..

Note:-

- (1) Pursuant to an award of 157,896 performance shares (which represents 5% of the enlarged share capital of Stem Med) to a director of Stem Med on 28 November 2017, the Company and StemCord now hold 57% (previously 60%) and 38% (previously 40%) of the enlarged share capital of Stem Med respectively. The combined shareholdings of the aforesaid director and StemCord is 43% which falls within the definition of non-controlling interests.
- (2) Stem Med owns 90% of SMI. By virtue of the Company's 57% interest in Stem Med, the Company effectively owns 51.3% of SMI and the remaining 48.7% falls within the definition of non-controlling interests.
- (3) Stem Med owns 60% of ADB. By virtue of the Company's 57% interest in Stem Med, the Company effectively owns 34.2% of ADB and the remaining 65.8% falls within the definition of non-controlling interests.

Review of the Group's cash flows

Q4 2017

Operating activities

In Q4 2017, net cash flows from operating activities amounted to \$5.75 million. This comprised operating cash flows before changes in working capital of \$10.50 million and interest received of \$0.14 million, less net changes in working capital of \$3.19 million and income tax paid of \$1.70 million. The net increase in working capital of \$3.19 million was mainly due to an increase in inventories of \$0.06 million, prepaid operating expenses of \$0.11 million and trade and other receivables of \$3.01 million, a decrease in other liabilities of \$0.20 million offset by an increase in trade and other payables of \$0.19 million.

Investing activities

Net cash flows used in investing activities of \$0.04 million was attributable to the purchase of plant and equipment by Stem Med.

Net increase in cash and cash equivalents

The above resulted in a net increase in cash and cash equivalents of \$5.71 million.

Review of the Group's cash flows (cont'd)

FY 2017

Operating activities

In FY 2017, net cash flows from operating activities amounted to \$30.99 million. This comprised operating cash flows before changes in working capital of \$40.49 million and interest received of \$0.81 million, less net changes in working capital of \$1.72 million and income tax paid of \$8.59 million. The net increase in working capital of \$1.72 million was mainly due to an increase in inventories of \$0.10 million, prepaid operating expenses of \$0.09 million and trade and other receivables of \$2.00 million, a decrease in trade and other payables of \$0.15 million offset by an increase in other liabilities of \$0.62 million.

Investing activities

Net cash used in investing activities of \$0.53 million was attributable to the purchase of plant and equipment by Stem Med.

Financing activities

Net cash used in financing activities was \$23.40 million. This was attributable to the payment of dividends to shareholders of \$25.00 million partially offset by the receipt of loan proceeds of \$1.60 million by Stem Med from StemCord.

Net increase in cash and cash equivalents

The above resulted in net increase in cash and cash equivalents of \$7.06 million. Cash and cash equivalents totalled \$71.05 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.**

Not applicable.

- 10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Our business is dependent to a large extent on the economic performance of Singapore and countries in South East Asia.

The Group is facing pressure on revenue from the competition arising from lower medical costs in our neighbouring countries.

The above circumstances as well as Dr Ang Peng Tiam's eight-month suspension from end July 2017 will have a material impact on the Group's revenue and earnings.

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

As set out on page 51 of the Company's offer document dated 17 January 2014, the Group has a dividend policy that recommends an annual dividend of up to 75 percent of our net profit attributable to shareholders as dividends to our shareholders. However, the Board has recommended a final one-tier tax exempt dividend of \$0.01370 per share in respect of FY 2017 (the "Final Dividend") which, together with the interim dividend of \$0.00761 per share that was paid on 24 August 2017, will constitute 87.4% of FY 2017 net profit attributable to owners of the Company.

(b) (i) Amount per share

\$0.01370 per share (based on 1,314,286,000 shares after the Bonus Shares).

(ii) Previous corresponding period

\$0.02283 per share (based on 657,143,000 shares before the Bonus 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 shareholders, this must be stated)

The dividend is one-tier tax exempt.

(d) The date the dividend is payable

The proposed Final Dividend, if approved by the shareholders of the Company at the Annual General Meeting to be held on 24 April 2018, will be paid on 9 May 2018.

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

NOTICE IS HEREBY GIVEN that, subject to the approval of the shareholders of the Company to the proposed Final Dividend at the Annual General Meeting to be held on 24 April 2018, the Share Transfer Books and Register of Member of the Company will be closed at 5:00 p.m. on 2 May 2018 for the purpose of determining entitlements of ordinary shareholders to the tax exempt (one-tier) Final Dividend of 1.370 Singapore cents per ordinary share for the financial year ended 31 December 2017.

Duly completed registrable transfers received by the Company's Share Register, B.A.C.S. Private Limited at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, up to 5:00 p.m. on 2 May 2018 will be registered before entitlements to the Final 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 2 May 2018 will be entitled to the Final Dividend. Payment of the Final Dividend, if approved by the members at the Annual General Meeting to be held on 24 April 2018, will be made on 9 May 2018.

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

Not applicable.

13. **If the Group has obtained a general mandate from 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).

14. **Interested Persons Transactions**

The Company and its subsidiaries had the following Interested Persons Transactions during FY 2017.

Name of Interested Persons	Aggregate value of all IPTs during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) \$'000	Aggregate value of all IPTs during the financial year under review conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) \$'000
Dr. Ang Peng Tiam	202	N.A.
P.T. Ang Medical Services Pte Ltd	873	N.A.
StemCord Pte. Ltd. ⁽¹⁾	522	N.A.

Note:

⁽¹⁾ Dr Ang is also a Director and a substantial shareholder of StemCord Pte. Ltd. ("StemCord") holding 17.35% in StemCord. Pursuant to Rule 904 of the Catalist Rules, charges by and payments made by StemCord on behalf of Stem Med, a subsidiary of the Company, constitutes an interested person transaction.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

	FY 2017 \$'000 (Unaudited)	FY 2016 \$'000 (Audited)
Revenue by geographical segment		
Provision of medical oncology services		
- Singapore	59,429	68,109
- Vietnam	244	402
Stem Cell Services		
- Singapore	1,688	402
	61,361	68,913

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

Please refer to item 8.

17. Breakdown of sales as follows:-

	Group		Increase/ (Decrease) %
	31/12/2017	31/12/2016	
	\$'000 (Unaudited)	\$'000 (Audited)	
Sales reported for the first half year	32,171	33,477	(3.9%)
Operating profit after tax reported for first half year	16,270	18,395	(11.6%)
Sales reported for the second half year	29,190	35,436	(17.6%)
Operating profit after tax reported for second half year	14,927	18,486	(19.3%)

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

Please refer to item 11 for the Final Dividend declared in respect of FY 2017.

Dividends declared and paid to the Company's shareholders		For the year ended 31 st December	Actual payment date	FY 2017 \$'000	FY 2016 \$'000
1 st interim dividend	One-tier tax exempt	2016 2017	22 Aug 2016 24 Aug 2017	10,002	14,983
				25,004	30,130
Proposed dividend to the Company's shareholders but not recognised as a liability as at					
				31/12/2017	31/12/2016
				\$'000	\$'000
Final dividend				18,006	15,002

19. Use of IPO proceeds

As at the date of this announcement, the use of IPO proceeds is as follows:-

Use of proceeds from the IPO	Amount Allocated \$'000	Amount Utilised \$'000	Amount Unutilised \$'000
Expanding repertoire of talent pool / healthcare services	10,381	8,804 ⁽¹⁾	1,577
Overseas expansion / improving quality of medical services	6,920	6,920 ⁽²⁾	-
Total	17,301	15,724	1,577

Note:-

- (1) Comprised investments in Stem Med and HKH of \$4.20 million (of which \$2.40 million was given as a loan) and \$4.60 million ⁽²⁾ respectively.
- (2) Total investment in HKH by the Company amounted to \$11.52 million.

20. 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 Group does not have any person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive office or substantial shareholder of the Company.

21. Confirmation pursuant to Rule 720(1)

TalkMed Group Limited confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in form Appendix 7H.

BY ORDER OF THE BOARD

Ang Peng Tiam
Chief Executive Officer
20 February 2018

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Hong Leong Finance Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST and 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 Mr Tang Yeng Yuen, Vice President, Head of Corporate Finance at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581. Telephone number: (65) 6415 9886