



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

FIRST QUARTER 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 STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

	<u>31/3/2018</u>	<u>31/3/2017</u>	<u>Increase/ (decrease)</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Revenue	19,229	14,033	37.0
Cost of sales	(10,312)	(7,969)	29.4
Gross profit	8,917	6,064	47.0
Financial income	20	4	400.0
Other income	73	91	(19.8)
Distribution and selling expenses	(753)	(650)	15.8
Administrative expenses	(4,248)	(3,658)	16.1
Financial expenses	(236)	(72)	227.8
Share of results of joint venture entities and associate	(12)	(48)	(75.0)
Profit before tax	3,761	1,731	117.3
Income tax expense	(229)	(211)	8.5
Profit for the period	3,532	1,520	132.4
Other comprehensive income			
Foreign currency translation	(275)	-	100.0
Total comprehensive income for the period	3,257	1,520	114.3
Profit attributable to:			
Owners of the Company	3,421	1,432	138.9
Non-controlling interests	111	88	26.1
	3,532	1,520	132.4
Total comprehensive income attributable to:			
Owners of the Company	3,146	1,432	119.7
Non-controlling interests	111	88	26.1
	3,257	1,520	114.3

Notes to the Consolidated Statement of Comprehensive Income

	<u>31/3/2018</u>	<u>31/3/2017</u>	<u>Increase/ (decrease)</u>
	S\$'000	S\$'000	%
Profit for the period is determined after charging/(crediting) the following:			
Depreciation and amortisation	945	529	78.6
Operating lease expenses	1,185	1,013	17.0
Personnel expenses	4,162	4,165	(0.1)
Loss on disposal of property, plant and equipment	4	-	(100.0)
Share-based compensation expense	57	102	(44.1)
Under provision of income tax in respect of prior years	-	64	(100.0)
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1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	31/3/2018	31/12/2017	31/3/2018	31/12/2017
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	13,738	13,506	1,850	1,922
Intangible assets ¹	119,199	119,199	-	-
Investment in subsidiaries	-	-	18,013	17,813
Investment in joint ventures and associate	7,063	1,532	7,659	1,840
Other receivables	1,764	1,495	1,078	1,082
Deferred tax assets	1,039	1,039	170	170
	<u>142,803</u>	<u>136,771</u>	<u>28,770</u>	<u>22,827</u>
Current assets				
Inventories	1,422	1,521	-	-
Trade receivables	5,172	4,749	-	-
Prepayments	1,262	1,142	938	691
Other receivables	2,338	2,122	1,528	1,137
Due from related companies	-	-	87,545	79,401
Cash and cash equivalents	13,002	21,326	711	8,772
	<u>23,196</u>	<u>30,860</u>	<u>90,722</u>	<u>90,001</u>
Total assets	<u>165,999</u>	<u>167,631</u>	<u>119,492</u>	<u>112,828</u>
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	2,180	1,912	2	2
Other payables and accruals	7,392	9,241	396	1,103
Deferred purchase consideration	17,221	17,379	-	-
Due to related companies	-	-	13,596	8,156
Obligations under finance leases	1,354	883	-	-
Loans and borrowings	5,573	2,327	1,862	359
Income tax payable	1,804	1,776	-	-
	<u>35,524</u>	<u>33,518</u>	<u>15,856</u>	<u>9,620</u>
Net current (liabilities)/assets	<u>(12,328)</u>	<u>(2,658)</u>	<u>74,866</u>	<u>80,381</u>
Non-current liabilities				
Other payables	-	1,428	-	-
Deferred purchase consideration	4,853	15,668	-	-
Obligations under finance leases	2,070	897	-	-
Loans and borrowings	11,281	7,375	122	214
Provisions	309	309	15	15
Deferred tax liabilities	103	103	-	-
	<u>18,616</u>	<u>25,780</u>	<u>137</u>	<u>229</u>
Total liabilities	<u>54,140</u>	<u>59,298</u>	<u>15,993</u>	<u>9,849</u>
Net assets	<u>111,859</u>	<u>108,333</u>	<u>103,499</u>	<u>102,979</u>

	<u>Group</u>		<u>Company</u>	
	31/3/2018	31/12/2017	31/3/2018	31/12/2017
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Equity attributable to owners of the Company</u>				
Share capital	108,950	108,738	108,950	108,738
Share option reserve	583	526	583	526
Foreign currency translation reserve	(387)	(112)	-	-
Accumulated losses	2,552	(869)	(6,034)	(6,285)
	111,698	108,283	103,499	102,979
Non-controlling interests	161	50	-	-
Total equity	111,859	108,333	103,499	102,979
Total equity and liabilities	165,999	167,631	119,492	112,828

¹ The Group is still in the process of completing the purchase price allocation on the acquisition of the Kids Clinics (as defined herein) and the goodwill arising from these acquisitions of S\$35,228,000 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 31/3/2018		At 31/12/2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
4,939	1,988	2,851	359

Amount repayable after one year

At 31/3/2018		At 31/12/2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
12,999	352	8,058	214

Details of any collateral

Loans and borrowings

Loans and borrowings amounting to S\$14,514,000 (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 (as defined herein); (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.

Obligations under finance leases

Obligations under finance leases amounting to S\$3,424,000 (31/12/2017: S\$1,780,000) are secured by the Group's medical equipment with carrying amount of approximately S\$4,994,000 (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

	31/3/2018	31/3/2017
	S\$'000	S\$'000
Profit before tax	3,761	1,731
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	945	529
Loss on disposal of property, plant and equipment	4	-
Share-based compensation expense	57	102
Interest income	(20)	(4)
Interest expense	157	68
Amortisation of loan costs	11	4
Accretion of interest on deferred purchase consideration	68	-
Share of results of joint venture entities and associate	12	48
Total adjustments	1,234	747
Operating profit before working capital change	4,995	2,478
<u>Change in working capital</u>		
Decrease/(increase) in:		
Inventories	99	(27)
Trade and other receivables	(908)	(782)
Prepayments	(119)	(71)
Increase/(decrease) in:		
Trade payables	268	205
Other payables and accruals	(437)	1,008
Total change in working capital	(1,097)	333
Cash flow generated from operations	3,898	2,811
Interest received	20	4
Interest paid	(150)	(68)
Income tax paid	(201)	(121)
Net cash flows generated from operating activities	3,567	2,626
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,235)	(59)
Proceeds from disposal of property, plant and equipment	60	-
Net cash outflow from acquisition of subsidiaries	(11,000)	(11,000)
Investment in joint venture entities	-	(50)
Investment in associate	(5,818)	-
Net cash flows used in investing activities	(17,993)	(11,109)
Cash flows from financing activities		
Proceeds from issuance of shares	212	15,000
Share issuance expenses	-	(189)
Proceeds from loans and borrowings	7,856	10,900
Repayment of loans and borrowings	(1,084)	(681)
Repayment under finance leases	(882)	(251)
Net cash flows generated from financing activities	6,102	24,779
Net (decrease)/increase in cash and cash equivalents	(8,324)	16,296
Cash and cash equivalents at the beginning of financial period	21,301	7,799
Cash and cash equivalents at the end of financial period	12,977	24,095

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

	31/3/2018	31/3/2017
	S\$'000	S\$'000
Cash and cash equivalents as stated in the consolidated balance sheet	13,002	24,120
Less: Deposit pledged for bank facility	(25)	(25)
Cash and cash equivalents as stated in the consolidated statement of cash flow	<u>12,977</u>	<u>24,095</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 2018

Profit for the period
Foreign currency translation differences
Total comprehensive income for the period

Issue of shares

Share-based compensation expense

At 31 March 2018

At 1 January 2017

Profit for the period
Foreign currency translation differences
Total comprehensive income for the period

Issue of shares

Share issuance expenses

Share-based compensation expense

Acquisition of subsidiaries

At 31 March 2017

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
108,738	526	(112)	(869)	108,283	50	108,333
-	-	-	3,421	3,421	111	3,532
-	-	(275)	-	(275)	-	(275)
-	-	(275)	3,421	3,146	111	3,257
212	-	-	-	212	-	212
-	57	-	-	57	-	57
108,950	583	(387)	2,552	111,698	161	111,859
29,197	325	(19)	(6,216)	23,287	639	23,926
-	-	-	1,432	1,432	88	1,520
-	-	-	-	-	-	-
-	-	-	1,432	1,432	88	1,520
15,000	-	-	-	15,000	-	15,000
(189)	-	-	-	(189)	-	(189)
-	102	-	-	102	-	102
42,583	-	-	-	42,583	-	42,583
86,591	427	(19)	(4,784)	82,215	727	82,942

Company	Share capital	Share option reserve	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2018	108,738	526	(6,285)	102,979
Total comprehensive income for the period	-	-	251	251
Issue of shares	212	-	-	212
Share-based compensation expense	-	57	-	57
At 31 March 2018	108,950	583	(6,034)	103,499
At 1 January 2017	29,197	325	(6,965)	22,557
Total comprehensive income for the period	-	-	(563)	(563)
Issue of shares	15,000	-	-	15,000
Share issuance expenses	(189)	-	-	(189)
Share-based compensation expense	-	102	-	102
Acquisition of subsidiaries	42,583	-	-	42,583
At 31 March 2017	86,591	427	(7,528)	79,490

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

	2018		2017	
	No. of shares '000	S\$'000	No. of shares '000	S\$'000
<u>Issued and fully paid ordinary shares</u>				
At 1 January	459,416	108,738	311,033	29,197
Issued for acquisition of subsidiaries (note 1)	-	-	81,110	42,583
Issued for Placement (note 2)	-	-	30,000	15,000
Share issuance expense (note 3)	-	-	-	(189)
Issued upon exercise of share options (note 4)	700	212	-	-
At 31 March	460,116	108,950	422,143	86,591

Note 1

The Company had 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 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.

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) and Placement (refer to note 2).

Note 4

The Company issued 700,000 ordinary shares following the exercise of share options under the SMG Share Option Scheme during the financial period ended 31 March 2018.

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 period ended 31 March 2018, no share options (31/3/2017: Nil) were granted to employees under the SSOS. As at 31 March 2018, the number of shares that may be issued on conversion of all the outstanding share options was 5,780,000 (31/3/2017: 10,404,000).

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

Date of grant of options	Exercise price per share	Options outstanding at 1/1/2018	Options granted	Options exercised	Options forfeited/expired	Options outstanding at 31/3/2018	Expiry date
10/07/2015	S\$0.145	225,000	-	-	-	225,000	09/07/2020
22/09/2016	S\$0.303	5,580,000	-	(700,000)	-	4,880,000	21/09/2021
03/04/2017	S\$0.544	675,000	-	-	-	675,000	02/04/2022
		6,480,000	-	(700,000)	-	5,780,000	

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

There were no treasury shares held by the Company as at 31 March 2018 and 31 March 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 31/3/2018</u>	<u>As at 31/12/2017</u>
Total number of issued shares (excluding treasury shares)	460,115,672	459,415,672

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

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 as the Company did not have any treasury shares as at 31 March 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 March 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

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 2018. 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	
	31/3/2018	31/3/2017
Net profit attributable to the owners of the Company (S\$'000)	3,421	1,432
Earnings per share (cents per share)		
- Basic	0.74	0.45
- Diluted	0.74	0.44

The basic earnings per share for the financial period ended 31 March 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 459,501,228. The diluted earnings per share for the financial period ended 31 March 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 465,415,179. 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 period ended 31 March 2017 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 315,224,645. The diluted earnings per share for the financial period ended 31 March 2017 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 324,004,857. 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	
	31/3/2018	31/12/2017	31/3/2018	31/12/2017
Net asset value per ordinary share (cents)	24.28	23.57	22.49	22.42

Net asset value per ordinary share is calculated based on 460,115,672 and 459,415,672 ordinary shares outstanding as at 31 March 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

For the financial period ended 31 March 2018 ("**1Q2018**"), the Group's revenue increased by 37.0% from S\$14.0 million for the financial period ended 31 March 2017 ("**1Q2017**") to S\$19.2 million. The increase was mainly due to:

- (a) Increase in revenue of Health Business segment by S\$4.6 million mainly contributed by the subsidiaries acquired in 2017 namely the Astra Companies and Kids Clinics¹; and
- (b) Increase in revenue of Diagnostic & Aesthetics Business segment by S\$0.6 million.

¹ 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 2017.

Gross profit increased by 47.0% from S\$6.1 million for 1Q2017 to S\$8.9 million for 1Q2018 mainly as a result of increase in revenue. Gross profit margin increased by three percentage points from 43% in 1Q2017 to 46% in 1Q2018 mainly due to the change in sales mix of the Health Business segment and Diagnostic & Aesthetics Business segment.

Other income decreased by 19.8% to S\$73,000 mainly due to decrease in government grant.

Distribution and selling expenses increased by 15.8% from S\$0.7 million for 1Q2017 to S\$0.8 million for 1Q2018 mainly driven by increase in revenue.

Administrative expenses increased by 16.1% from S\$3.7 million for 1Q2017 to S\$4.2 million for 1Q2018. This is mainly due to higher depreciation expense and increase in maintenance expenses during the financial period.

Financial expenses increased by 227.8% from S\$0.1 million for 1Q2017 to S\$0.2 million for 1Q2018 mainly due to higher interest expenses incurred for bank loans for payment of the cash consideration for the acquisition of the Astra Companies and new finance leases obtained during the financial period, and accretion of interest on deferred purchase consideration of S\$68,000.

Share of loss of joint venture entities and associate decreased by 75.0% from S\$48,000 for 1Q2017 to S\$12,000 for 1Q2018 mainly due to improvement in the financial performance of the joint venture entity, PT Ciputra SMG ("**PTCS**"), and share of profits from the associated company, CHA SMG (Australia) Pte. Ltd. ("**CSA**"), 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.

Consolidated Balance Sheet

Non-current assets increased by S\$6.0 million from S\$136.8 million as at 31 December 2017 to S\$142.8 million as at 31 March 2018, mainly due to:

- (a) Increase in property, plant and equipment arising from asset additions, offset by depreciation charged for the financial period;
- (b) Increase in investment in joint ventures and associate mainly due to the Group's investment in CSA in February 2018; and
- (c) Increase in other non-current receivables as a result of increase in rental deposits from the lease of a new premise during the financial period and reclassification of rental deposits from current to non-current following the renewal of existing leases.

Current assets decreased by S\$7.7 million from S\$30.9 million as at 31 December 2017 to S\$23.2 million as at 31 March 2018, mainly due to decrease in cash and cash equivalents and inventories by S\$8.3 million and S\$0.1 million respectively, offset by increase in trade receivables by S\$0.4 million, increase in prepayments by S\$0.1 million and increase in other receivables by S\$0.2 million.

Current liabilities increased by S\$2.0 million from S\$33.5 million as at 31 December 2017 to S\$35.5 million as at 31 March 2018, mainly due to: (a) increase in trade payables of S\$0.3 million; (b) increase in current portion of loans and borrowings of S\$3.2 million arising from new bank loans obtained during the financial period; and (c) increase in the current portion of obligations under finance leases of S\$0.5 million arising from new finance leases obtained during the financial period, offset by decrease in other payables and accruals of S\$1.9 million and decrease in the current portion of the deferred purchase consideration (arising from the acquisition of the Astra Companies and Kids Clinics) of S\$0.1 million.

Non-current liabilities decreased by S\$7.2 million from S\$25.8 million as at 31 December 2017 to S\$18.6 million as at 31 March 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 period, 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 period.

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

The Group has net current liabilities of S\$12.3 million (31/12/2017: S\$2.7 million) as at 31 March 2018 mainly due to the deferred purchase consideration of S\$17.2 million which is expected to be paid within 12 months after the balance sheet date. The Group has secured debt facilities and is currently in the process of finalising the Rights Issue as announced on 1 March 2018 which will improve its cash position and enable the Company to meet its financial obligations.

Cash Flow Statement

Net cash flows generated from operating activities of S\$3.6 million arose mainly from the operating profit before working capital changes of S\$5.0 million, offset by outflow of working capital of S\$1.1 million and interest and income tax payment of S\$0.1 million and S\$0.2 million respectively.

Net cash flows used in investing activities of S\$18.0 million were mainly attributed to the purchase of property, plant and equipment, payment of deferred purchase consideration from the acquisition of the Astra Companies of S\$11.0 million and investment in associate, CSA, of S\$5.8 million.

Net cash flows generated from financing activities of S\$6.1 million were mainly from proceeds from issuance of shares of S\$0.2 million and proceeds from loans and borrowings of S\$7.9 million, offset by repayment of loans and borrowings and finance leases of S\$1.1 million and S\$0.9 million respectively.

Cash and cash equivalents was S\$13.0 million as at 31 March 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.

The Group continues its focus on driving growth within its existing specialists businesses and seek to expand its range of medical specialties and services by bringing on board new medical specialists.

The Group opened a new Obstetrics & Gynaecology (“O&G”) clinic in Paragon in March 2018 and a new Paediatrics clinic in Bedok in April 2018. This increased its O&G and Paediatrics clinics to 14 and 4 respectively. The Group also started its Cardiology practice with the opening of 2 new clinics in Novena and Paragon in March and April 2018 respectively.

Within its Diagnostics segment, the Group officially opened its new 5,500 square feet centre at Novena Medical Center in February 2018 which offers a comprehensive range of cross-disciplinary radiology services in a fast growing medical hub and expect to add on one additional Radiologist and a visiting consultant Radiologist in cardiac and paediatrics to the business in the 3rd quarter of 2018.

In April 2018, the Group completed its acquisition of a majority stake in Pheniks Pte. Ltd., the operator of an aesthetics and plastic surgery clinic, SW1 Clinic, with 5 GP doctors and one plastic surgeon, and the addition of one more plastic surgeon in the third quarter of 2018. Through this acquisition, the Group aims to derive synergistic advantages and cross-selling opportunities for its women’s health segment and grow its Aesthetics segment locally and in the region.

The Group constantly reviews its costs structure and progressively integrates the 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 the three-month financial period ended 31 March 2018.

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 during the current financial period reported on is disclosed below.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review	
	31/3/2018 S\$'000	31/3/2017 S\$'000
K S Beng Pte Ltd - Rental	49	33
MW Medical Holdings Pte Ltd - Rental	43	46
MW Medical Pte Ltd - Nursing services	4	1
BB Ventures Pte Ltd - Rental	-	11

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

The Board of Directors confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited financial results of the Group for the three-month financial period ended 31 March 2018 presented in this announcement, to be false or misleading in any material aspect.

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

BY ORDER OF THE BOARD

Dr Beng Teck Liang
Chief Executive Officer
15 May 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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