



SINGAPORE O&G LTD.

(Company Registration No. 201100687M)

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2019

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	<u>Group</u>							
	<u>Fourth Quarter</u>				<u>Full Year</u>			
	Q4 2019 S\$'000	Q4 2018 S\$'000	Increase/(Decrease) S\$'000	%	FY 2019 S\$'000	FY 2018 S\$'000	Increase/(Decrease) S\$'000	%
Revenue	10,698	8,786	1,912	21.8%	39,757	34,681	5,076	14.6%
Other operating income	102	49	53	N/M	449	1,425	(976)	(68.5%)
Consumables and medical supplies used	(1,748)	(1,078)	670	62.2%	(6,466)	(4,873)	1,593	32.7%
Employee remuneration expense	(4,524)	(3,750)	774	20.6%	(16,481)	(13,544)	2,937	21.7%
Depreciation	(554)	(139)	415	N/M	(2,207)	(554)	1,653	N/M
Other operating expense	(770)	(947)	(177)	(18.7%)	(2,503)	(3,482)	(979)	(28.1%)
Profit from operations	3,204	2,921	283	9.7%	12,549	13,653	(1,104)	(8.1%)
Impairment of goodwill	(11,900)	(2,800)	9,100	N/M	(11,900)	(2,800)	9,100	N/M
Finance income	57	29	28	96.6%	153	78	75	96.2%
Finance expense	(44)	-	44	N/M	(183)	-	183	N/M
Net finance income/(expense)	13	29	(16)	(55.2%)	(30)	78	(108)	N/M
(Loss)/profit before income tax	(8,683)	150	(8,833)	N/M	619	10,931	(10,312)	(94.3%)
Income tax expense	(200)	(127)	73	57.5%	(1,752)	(1,783)	(31)	(1.7%)
(Loss)/profit for the period/year	(8,883)	23	(8,906)	N/M	(1,133)	9,148	(10,281)	N/M
Other comprehensive income, at nil tax	-	-	-	-	-	-	-	-
Total comprehensive income for the period/year	(8,883)	23	(8,906)	N/M	(1,133)	9,148	(10,281)	N/M

N/M - Not Meaningful

1(b)(i) A statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	S\$'000	S\$'000	S\$'000	S\$'000
		<i>(Audited)</i>		<i>(Audited)</i>
ASSETS				
Non-current assets				
Goodwill	12,230	24,130	-	-
Plant and equipment	1,595	1,412	132	127
Right-of-use assets	3,698	-	248	-
Deferred tax assets	3	1	-	-
Investment in subsidiaries	-	-	23,562	34,332
	17,526	25,543	23,942	34,459
Current assets				
Inventories	2,030	1,657	-	-
Trade and other receivables	3,517	2,982	243	130
Amounts due from subsidiaries (non-trade)	-	-	6,178	3,816
Cash and cash equivalents	25,985	21,546	9,068	8,783
	31,532	26,185	15,489	12,729
Total assets	49,058	51,728	39,431	47,188
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	29,646	29,646	29,646	29,646
Capital reserve	1,771	1,771	1,771	1,771
Merger reserve	(1,695)	(1,695)	-	-
Retained earnings	6,488	14,868	3,279	13,597
Total equity	36,210	44,590	34,696	45,014
Non-current liabilities				
Lease liabilities	2,381	-	180	-
Deferred tax liabilities	134	140	9	10
	2,515	140	189	10
Current liabilities				
Trade and other payables	6,412	4,738	1,432	733
Amount due to subsidiaries (non-trade)	-	-	3,039	1,361
Contract liabilities	613	437	-	-
Lease liabilities	1,434	-	75	-
Current tax liabilities	1,874	1,823	-	70
	10,333	6,998	4,546	2,164
Total liabilities	12,848	7,138	4,735	2,174
Total equity and liabilities	49,058	51,728	39,431	47,188

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

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

None.

(B) the amount repayable after one year:

None.

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

None.

(D) details of any collaterals.

None.

1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			
	Fourth Quarter		Full Year	
	Q4 2019	Q4 2018	FY 2019	FY 2018
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
(Loss)/profit before taxation	(8,683)	150	619	10,931
Adjustments for:				
Depreciation	554	139	2,207	554
Plant and equipment written off	5	-	22	1
Loss on disposal of plant and equipment	68	-	68	-
Gain on termination of leases	(3)	-	(3)	-
Impairment of goodwill	11,900	2,800	11,900	2,800
Interest income	(57)	(29)	(153)	(78)
Interest expense	44	-	183	-
Operating profit before working capital changes	3,828	3,060	14,843	14,208
Changes in inventories	(197)	(163)	(373)	(55)
Changes in trade and other receivables	(391)	(21)	(530)	(456)
Changes in trade and other payables and contract liabilities	950	720	1,858	885
Cash generated from operations	4,190	3,596	15,798	14,582
Income tax refunded/(paid)	2	-	(1,709)	(1,180)
Net cash from operating activities	4,192	3,596	14,089	13,402
Cash flows from investing activities				
Purchase of plant and equipment	(10)	(157)	(949)	(294)
Interest received	35	11	148	70
Net cash from/(used in) investing activities	25	(146)	(801)	(224)
Cash flows from financing activities				
Dividends paid to shareholders	-	-	(7,247)	(8,058)
Principal element of lease payments	(347)	-	(1,419)	-
Interest paid	(44)	-	(183)	-
Net cash used in financing activities	(391)	-	(8,849)	(8,058)
Net increase in cash and cash equivalents	3,826	3,450	4,439	5,120
Cash and cash equivalents at beginning of period/year	22,159	18,096	21,546	16,426
Cash and cash equivalents at end of period/year	25,985	21,546	25,985	21,546

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

	Share capital S\$'000	Capital reserve S\$'000	Merger reserve S\$'000	Retained earnings S\$'000	Total S\$'000
Group					
At 1 January 2018	29,646	1,771	(1,695)	13,778	43,500
Total comprehensive income for the period					
Profit for the period	-	-	-	9,125	9,125
Other comprehensive income, at nil tax	-	-	-	-	-
	-	-	-	9,125	9,125
Transactions with owners of the Company, recognised directly in equity					
Contributions by and distributions to owners of the Company					
Dividends paid to shareholders	-	-	-	(8,058)	(8,058)
At 30 September 2018	29,646	1,771	(1,695)	14,845	44,567
At 1 October 2018	29,646	1,771	(1,695)	14,845	44,567
Total comprehensive income for the period					
Profit for the period	-	-	-	23	23
Other comprehensive income, at nil tax	-	-	-	-	-
	-	-	-	23	23
At 31 December 2018	29,646	1,771	(1,695)	14,868	44,590

<u>Group</u>	Share capital S\$'000	Capital reserve S\$'000	Merger reserve S\$'000	Retained earnings S\$'000	Total S\$'000
At 1 January 2019	29,646	1,771	(1,695)	14,868	44,590
Total comprehensive income for the period					
Profit for the period	-	-	-	7,750	7,750
Other comprehensive income, at nil tax	-	-	-	-	-
	-	-	-	7,750	7,750
Transactions with owners of the Company, recognised directly in equity					
Contributions by and distributions to owners of the Company					
Dividends paid to shareholders	-	-	-	(7,247)	(7,247)
At 30 September 2019	29,646	1,771	(1,695)	15,371	45,093
At 1 October 2019	29,646	1,771	(1,695)	15,371	45,093
Total comprehensive income for the period					
Loss for the period	-	-	-	(8,883)	(8,883)
Other comprehensive income, at nil tax	-	-	-	-	-
	-	-	-	(8,883)	(8,883)
At 31 December 2019	29,646	1,771	(1,695)	6,488	36,210

Company	Share capital S\$'000	Capital reserve S\$'000	Merger reserve S\$'000	Retained earnings S\$'000	Total S\$'000
At 1 January 2018	29,646	1,771	-	11,920	43,337
Total comprehensive income for the period					
Profit for the period	-	-	-	9,882	9,882
Other comprehensive income, at nil tax	-	-	-	-	-
	-	-	-	9,882	9,882
Transactions with owners of the Company, recognised directly in equity					
Contributions by and distributions to owners of the Company					
Dividends paid to shareholders	-	-	-	(8,058)	(8,058)
At 30 September 2018	29,646	1,771	-	13,744	45,161
At 1 October 2018	29,646	1,771	-	13,744	45,161
Total comprehensive income for the period					
Loss for the period	-	-	-	(147)	(147)
Other comprehensive income, at nil tax	-	-	-	-	-
	-	-	-	(147)	(147)
At 31 December 2018	29,646	1,771	-	13,597	45,014

<u>Company</u>	Share capital S\$'000	Capital reserve S\$'000	Merger reserve S\$'000	Retained earnings S\$'000	Total S\$'000
At 1 January 2019	29,646	1,771	-	13,597	45,014
Total comprehensive income for the period					
Profit for the period	-	-	-	7,923	7,923
Other comprehensive income, at nil tax	-	-	-	-	-
	-	-	-	7,923	7,923
Transactions with owners of the Company, recognised directly in equity					
Contributions by and distributions to owners of the Company					
Dividends paid to shareholders	-	-	-	(7,247)	(7,247)
At 30 September 2019	29,646	1,771	-	14,273	45,690
At 1 October 2019	29,646	1,771	-	14,273	45,690
Total comprehensive income for the period					
Loss for the period	-	-	-	(10,994)	(10,994)
Other comprehensive income, at nil tax	-	-	-	-	-
	-	-	-	(10,994)	(10,994)
At 31 December 2019	29,646	1,771	-	3,279	34,696

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

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

The Company did not have any treasury shares, subsidiary holdings, outstanding options and convertibles as at 31 December 2019 and 31 December 2018.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

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

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

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

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

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

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

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

The figures have not been audited or reviewed by auditors.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).**

Not applicable.

- 4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in Section 5 below, the accounting policies and methods of computation used in the consolidated financial statements for the financial period ended 31 December 2019 are consistent with those applied in the financial statements for the year ended 31 December 2018.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

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

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

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

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

SFRS(I) 16 *Leases*

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

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

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

	<u>Group</u>			
	<u>Fourth Quarter</u>		<u>Full Year</u>	
	Q4 2019	Q4 2018	FY 2019	FY 2018
(Loss)/profit attributable to equity holders of the Company (S\$'000)	(8,883)	23	(1,133)	9,148
Basic and diluted (loss)/earnings per share based on the weighted average number of ordinary shares (cents/share)	(1.86)	0.00	(0.24)	1.92
Weighted average number of ordinary shares	476,803,002	476,803,002	476,803,002	476,803,002

Note:

Basic and diluted earnings per share for the quarters and financial years ended 31 December 2019 and 2018 are computed using the net profit/loss after tax divided by the weighted average number of ordinary shares issued and outstanding at the end of each quarter and financial year.

The Company did not have any stock options or dilutive potential ordinary shares during the quarters and financial years ended 31 December 2019 and 2018.

7 Net asset value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

- (A) current financial period reported on; and
(B) immediately preceding financial year.**

	<u>Group</u>		<u>Company</u>	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Net assets value (S\$'000)	36,210	44,590	34,696	45,014
Net assets value per ordinary share based on the total number of issued shares as at end of the period/year reported on (cents)	7.59	9.35	7.28	9.44
Number of issued shares as at end of the period/year	476,803,002	476,803,002	476,803,002	476,803,002

8 A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:

- (A) any significant factors that affected the turnover, costs and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (B) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

Review of the Group's Performance

Revenue

Q4 2019 vs. Q4 2018

Revenue increased by S\$1.9 million or 21.8% from S\$8.8 million for the quarter ended 31 December 2018 ("Q4 2018") to S\$10.7 million for the quarter ended 31 December 2019 ("Q4 2019"). The increase is attributed to:

- The increase of S\$1.2 million from our Paediatrics segment due mainly to contributions from the new SOG Children (Paediatrics – Gastroenterology Liver) ("PAED-Gastro") and SOG Children (Paediatrics – Gleneagles) ("PAED-Glen") clinics which started their operations in November 2018 and February 2019 respectively;

- The increase of S\$0.4 million from our Obstetrics & Gynaecology (“O&G”) segment due mainly to increase in patient load of existing clinics and contribution from the new SOG-Clara Ong Clinic for Women (“Clara Ong”) clinic which started its operation in May 2019;
- The increase of S\$0.2 million revenue from our Cancer-related segment due to increase in patient load; and
- The increase of S\$0.1 million from our Dermatology segment due mainly to contributions from the new SOG Dermatology (Gleneagles) (“DERM-Glen”) clinic which started its operation in December 2018.

FY 2019 vs. FY 2018

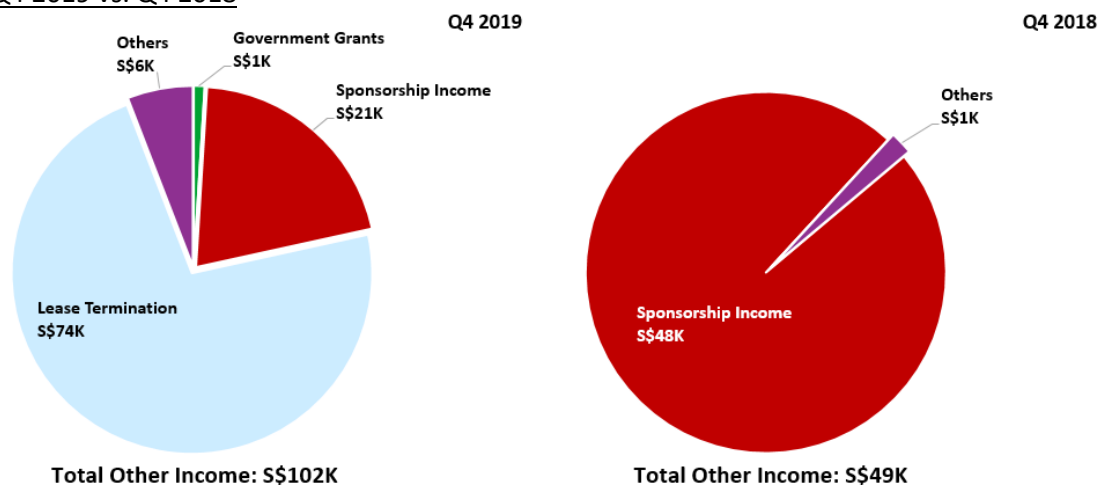
Revenue increased by S\$5.1 million or 14.6% from S\$34.7 million for the full year ended 31 December 2018 (“FY 2018”) to S\$39.8 million for the full year ended 31 December 2019 (“FY 2019”). The increase is attributed to:

- The increase of S\$3.7 million from our Paediatrics segment due mainly to contributions from the new PAED-Gastro and PAED-Glen clinics which started their operations in November 2018 and February 2019 respectively;
- The increase of S\$0.8 million and S\$0.9 million revenue from our O&G and Cancer-related segments respectively due to increase in patient load; offset by
- The decrease of S\$0.3 million from our Dermatology segment due to the increasingly competitive landscape.

Other Operating Income

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

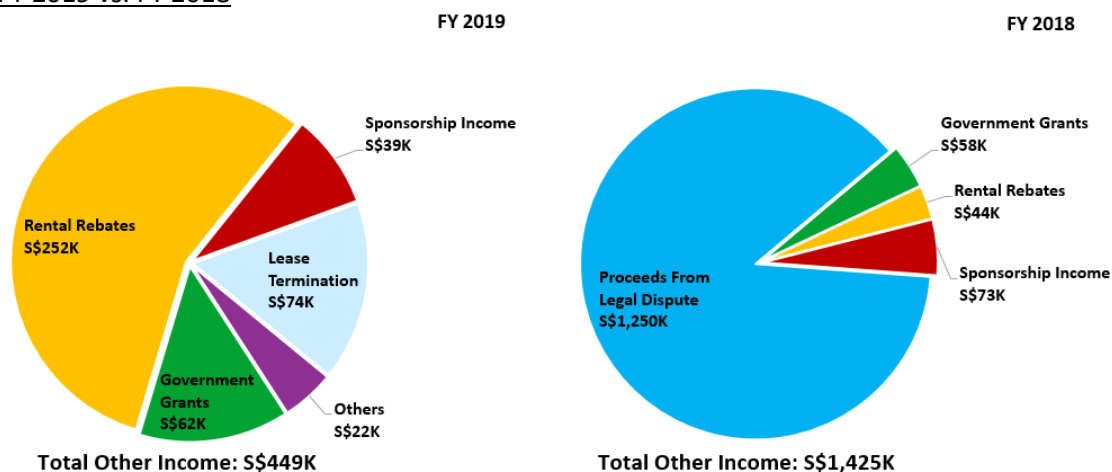
Q4 2019 vs. Q4 2018



Other operating income increased by S\$53,000 from S\$49,000 in Q4 2018 to S\$102,000 in Q4 2019. The increase is attributed mainly to:

- The compensation for early termination of lease agreement by the landlord amounting to S\$74,000;
- The receipt of honorarium for talks given by the specialist medical practitioners amounting to S\$6,000; offset by
- The decrease in sponsorship income of S\$27,000.

FY 2019 vs. FY 2018



Other operating income decreased by S\$1.0 million or 68.5% from S\$1.4 million in FY 2018 to S\$0.4 million in FY 2019. The decrease is attributed mainly to:

- The absence of one-off proceeds of S\$1.3 million in FY 2018 from the Company’s former Lead Independent Director, Mr. Christopher Chong Meng Tak (“**Mr. Chong**”), for the full and final settlement arising from the dispute concerning the Company’s claim from Mr. Chong for a transaction of the Company in which Mr. Chong was involved (the “**Dispute**”); offset by
- The increase in rental rebates received amounting to S\$0.2 million; and
- The compensation for early termination of lease agreement amounting to S\$0.1 million.

Consumables and Medical Supplies Used

Q4 2019 vs. Q4 2018

Consumables and medical supplies used increased by S\$0.7 million or 62.2% from S\$1.1 million in Q4 2018 to S\$1.7 million in Q4 2019. The increase is attributed to:

- Consumables and medical supplies of S\$0.3 million used by the new PAED-Gastro, DERM-Glen, PAED-Glen and Clara Ong clinics which started their operations in November 2018, December 2018, February 2019 and May 2019 respectively; and
- The increase in medication sales and consumables used in procedures by the existing clinics amounting to S\$0.4 million.

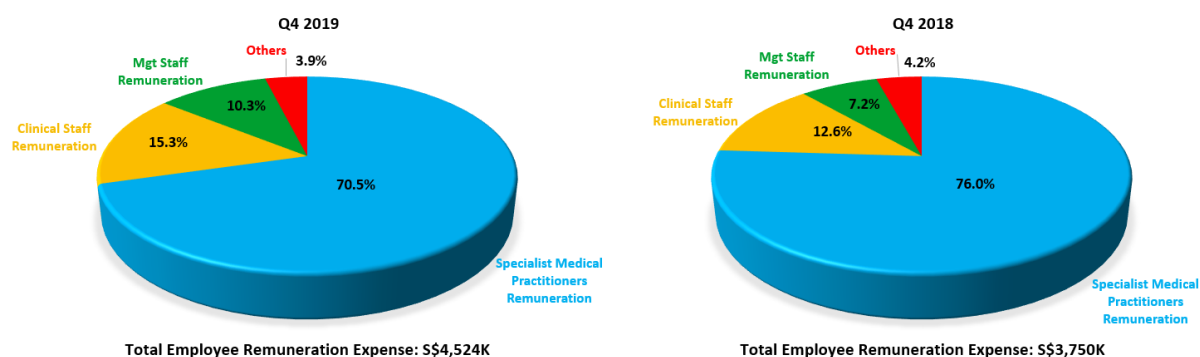
FY 2019 vs. FY 2018

Consumables and medical supplies used increased by S\$1.6 million or 32.7% from S\$4.9 million in FY 2018 to S\$6.5 million in FY 2019. The increase is attributed to:

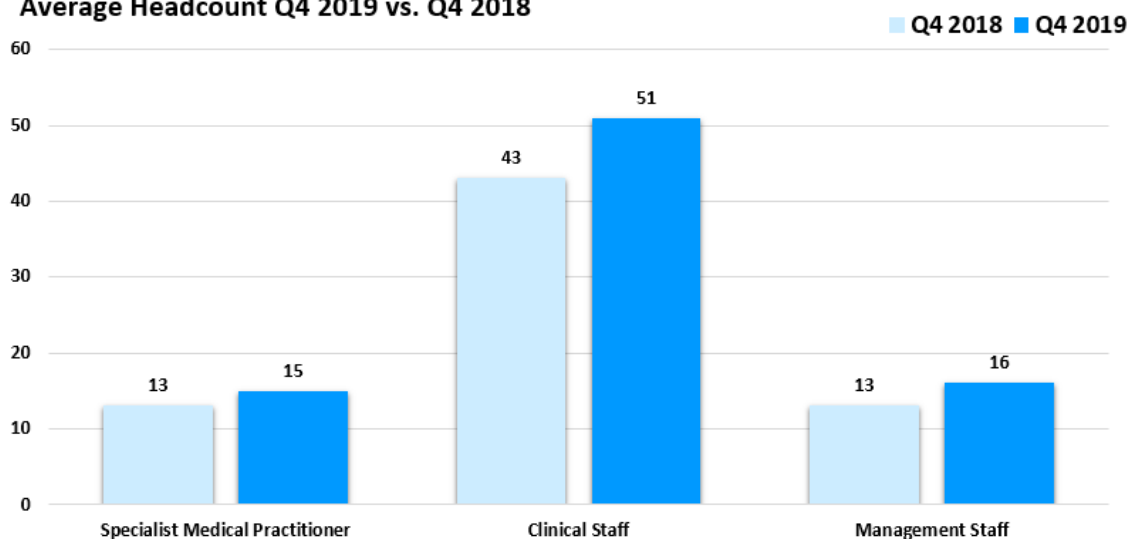
- Consumables and medical supplies of S\$0.8 million used by the new PAED-Gastro, DERM-Glen, PAED-Glen and Clara Ong clinics which started their operations in November 2018, December 2018, February 2019 and May 2019 respectively; and
- The increase in medication sales and consumables used in procedures by the existing clinics amounting to S\$0.8 million.

Employee Remuneration Expense

Q4 2019 vs. Q4 2018



Average Headcount Q4 2019 vs. Q4 2018

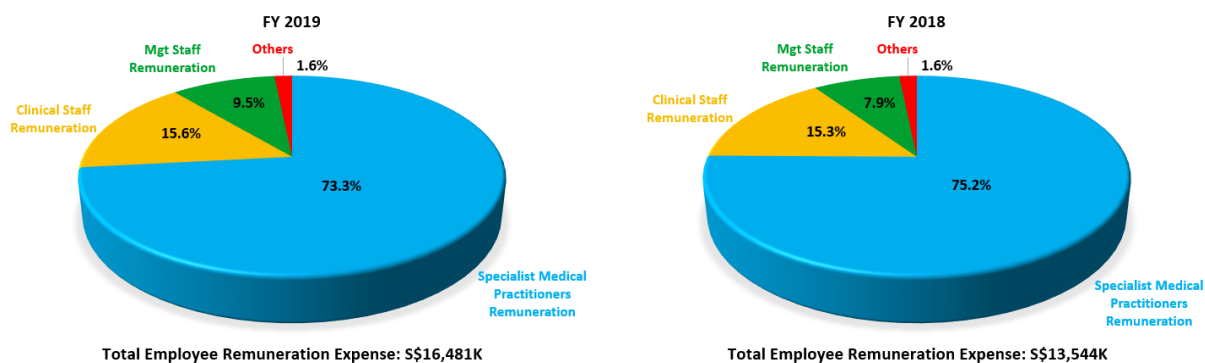


Employee remuneration expense increased by S\$0.8 million or 20.6% from S\$3.7 million in Q4 2018 to S\$4.5 million in Q4 2019. The increase is due to:

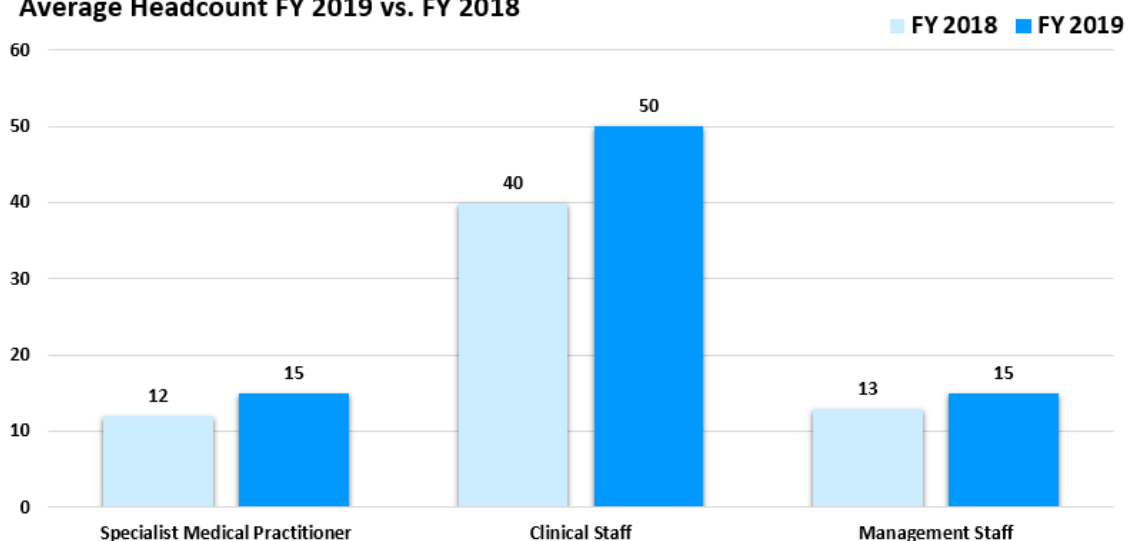
- The increase in employee remuneration expense of S\$0.4 million from the new PAED-Gastro, DERM-Glen, PAED-Glen and Clara Ong clinics which started their operations in November 2018, December 2018, February 2019 and May 2019 respectively;

- The increase of S\$0.1 million for incentive bonus for the specialist medical practitioners; and
- The increase in employee remuneration expense of S\$0.3 million due to higher headcount of management staff at corporate and clinical staff at existing clinics.

FY 2019 vs. FY 2018



Average Headcount FY 2019 vs. FY 2018



Employee remuneration expense increased by S\$2.9 million or 21.7% from S\$13.6 million in FY 2018 to S\$16.5 million in FY 2019. The increase is due to:

- The increase in employee remuneration expense of S\$1.8 million from the new PAED-Gastro, DERM-Glen, PAED-Glen and Clara Ong clinics which started their operations in November 2018, December 2018, February 2019 and May 2019 respectively;
- The increase of S\$0.5 million for incentive bonus for the specialist medical practitioners;
- The increase in employee remuneration expense of S\$0.5 million due to higher headcount of management staff at corporate and clinical staff at existing clinics; and
- The absence of S\$0.1 million reversal of overprovision for FY 2017 management staff bonuses in FY 2019 compared to FY 2018.

Depreciation

Q4 2019 vs. Q4 2018

Depreciation increased by S\$415,000 from S\$139,000 in Q4 2018 to S\$554,000 in Q4 2019. The increase is attributed mainly to depreciation recognised for ROU assets arising from the adoption of SFRS(I) 16 effective from 1 January 2019.

FY 2019 vs. FY 2018

Depreciation increased by S\$1.7 million from S\$0.5 million in FY 2018 to S\$2.2 million in FY 2019. The increase is attributed mainly to depreciation recognised for ROU assets arising from the adoption of SFRS(I) 16 effective from 1 January 2019.

Other Operating Expense

Q4 2019 vs. Q4 2018

Other operating expense decreased by S\$177,000 or 18.7% from S\$947,000 in Q4 2018 to S\$770,000 in Q4 2019. The decrease is attributed to:

- The decrease in rental expense of S\$367,000 arising from the adoption of SFRS(I) 16 effective from 1 January 2019; offset by
- The loss on disposal of renovation amounting to S\$68,000 arising from the early termination of lease agreement; and
- The increase in advertising, consultancy fees, office supplies and other administrative expenses amounting to S\$122,000.

FY 2019 vs. FY 2018

Other operating expense decreased by S\$1.0 million or 28.1% from S\$3.5 million in FY 2018 to S\$2.5 million in FY 2019. The decrease is attributed to:

- The decrease in rental expense of S\$1.5 million arising from the adoption of SFRS(I) 16 effective from 1 January 2019; offset by
- The loss on disposal of renovation amounting to S\$0.1 million arising from the early termination of lease agreement; and
- The increase in advertising, consultancy fees, office supplies and other administrative expenses amounting to S\$0.4 million.

Impairment of goodwill

Impairment of goodwill relates to the excess of the carrying amount of the cash generating unit ("CGU") over the recoverable amount of the CGU as at 31 December 2019 of our Dermatology segment. The significant increase by S\$9.1 million from S\$2.8 million in Q4 2018 and FY 2018 to S\$11.9 million in Q4 2019 and FY 2019 is due to the declining earnings of the Dermatology segment arising from the increasingly competitive landscape which impacted the recoverable amount of the CGU.

Finance Income

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

Q4 2019 vs. Q4 2018

Finance income increased by S\$28,000 or 96.6% from S\$29,000 in Q4 2018 to S\$57,000 in Q4 2019. The increase is due to more cash being placed under interest-bearing current accounts and fixed deposits.

FY 2019 vs. FY 2018

Finance income increased by S\$75,000 or 96.2% from S\$78,000 in FY 2018 to S\$153,000 in FY 2019. The increase is due to more cash being placed under interest-bearing current accounts and fixed deposits.

Finance Expense

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

(Loss)/Profit Before Income Tax

Q4 2019 vs. Q4 2018

With the impairment of goodwill of S\$11.9 million, the Group posted a loss before income tax of S\$8.7 million in Q4 2019. In Q4 2018, there was a profit before income tax of S\$0.2 million after the impairment of goodwill of S\$2.8 million. Excluding the impairment of goodwill, the Group's profit before income tax would have been S\$3.2 million in Q4 2019 as compared to S\$2.9 million in Q4 2018, an increase of S\$0.3 million or 9.1%.

FY 2019 vs. FY 2018

With the impairment of goodwill of S\$11.9 million, profit before income tax decreased by S\$10.3 million or 94.3% from S\$10.9 million in FY 2018 to S\$0.6 million in FY 2019. Excluding the impairment of goodwill of S\$11.9 million in FY 2019 and S\$2.8 million in FY 2018 and the net non-recurring income of S\$1.1 million arising from the Dispute in FY 2018, the Group's profit before income tax would have been S\$12.5 million in FY 2019 as compared to S\$12.6 million in FY 2018, a slight decrease of S\$0.1 million or 0.6%.

Income Tax Expense

Q4 2019 vs. Q4 2018

Income tax expense increased by S\$73,000 or 57.5% from S\$127,000 in Q4 2018 to S\$200,000 in Q4 2019 due mainly to higher profits from operations and lower tax allowance under the Productivity and Innovation Credit Scheme and partial tax exemption.

FY 2019 vs. FY 2018

Income tax expense decreased marginally in FY 2019 as compared to FY 2018 due mainly to lower profits from operations and partially offset by lower tax allowance under the Productivity and Innovation Credit Scheme and partial tax exemption.

Review of the Group's Financial Position

Non-Current Assets

As at 31 December 2019, non-current assets amounted to S\$17.5 million or 35.7% of the Group's total assets. Non-current assets consist of the following main items:

- Goodwill of S\$12.2 million or 69.8% of the Group's total non-current assets, which comprises:
 1. S\$446,000 and S\$396,000 for the acquisition of Beh's Clinic for Women Pte. Ltd. and Choo Wan Ling Women's Clinic Pte. Ltd. in 2014 respectively; and
 2. S\$11.4 million for the acquisition of the entire rights, title and interest of Dr. Joyce Lim Teng Ee and in the business and medical practices of JL Laser & Surgery Centre Pte. Ltd., JL Esthetic Research Centre Pte. Ltd. and JL Dermatology Pte. Ltd. on 1 January 2016 ("**JL Acquisition**").
- Plant and equipment of S\$1.6 million or 9.1% of the Group's total non-current assets. Plant and equipment increased by S\$0.2 million or 13.0% from S\$1.4 million as at 31 December 2018 to S\$1.6 million as at 31 December 2019. The increase is attributed to:
 1. S\$0.6 million additions to plant and equipment for the setting up of new clinics;
 2. S\$0.2 million for the purchase of medical equipment for SOG Dermatology ("**DERM**") clinic;
 3. S\$0.1 million renovation costs for SOG – Beh Clinic for Women and SOG Children (Paediatrics – East) clinics; offset by
 4. The depreciation charge on plant and equipment of S\$0.7 million in FY 2019.
- ROU assets of S\$3.7 million or 21.1% of the Group's total non-current assets. ROU assets pertain to leases of clinic premises and corporate office, arising from the adoption of SFRS(I) 16 effective from 1 January 2019.

Current Assets

As at 31 December 2019, current assets amounted to S\$31.5 million or 64.3% of the Group's total assets. Current assets consist of the following:

- Inventories of S\$2.0 million or 6.4% of the Group's total current assets. The increase of S\$0.3 million or 22.5% from S\$1.7 million as at 31 December 2018 to S\$2.0 million as at 31 December 2019 is due mainly to higher inventories balance held by our Dermatology segment as at 31 December 2019 due to bulk purchase of medication for sale in the subsequent periods.
- Trade and other receivables of S\$3.5 million or 11.2% of the Group's total current assets. The increase of S\$0.5 million or 17.9% from S\$3.0 million as at 31 December 2018 to S\$3.5 million as at 31 December 2019 is due mainly to the increase in our specialist medical practitioners' professional fees due from hospitals and insurance companies, in line with the increase in revenue. The outstanding professional fees are fairly current with no significant collection issues.
- Cash and cash equivalents of S\$26.0 million or 82.4% of the Group's total current assets. The increase of S\$4.4 million or 20.6% from S\$21.6 million as at 31 December 2018 to S\$26.0 million as at 31 December 2019 is due to:
 1. S\$14.1 million net cash inflows from operating activities in FY 2019;
 2. S\$0.1 million interest received in FY 2019; offset by
 3. Purchase of plant and equipment of S\$0.9 million in FY 2019;
 4. Payment of S\$4.3 million and S\$3.0 million for FY 2018 final dividend and FY 2019 interim dividend to shareholders in May 2019 and September 2019 respectively; and
 5. Payment for the principal and interest on leases totalling S\$1.6 million in FY 2019.

Non-Current Liabilities

As at 31 December 2019, non-current liabilities amounted to S\$2.5 million or 19.6% of the Group's total liabilities. Non-current liabilities consist of the following:

- Lease liabilities of S\$2.4 million or 94.7% of the Group's total non-current liabilities. The increase in lease liabilities of S\$2.4 million is due to the adoption of SFRS(I) 16 effective from 1 January 2019.
- Deferred tax liabilities of S\$0.1 million or 5.3% of the Group's total non-current liabilities. Deferred tax liabilities arose from the timing differences in temporary differences of the Group's plant and equipment.

Current Liabilities

As at 31 December 2019, current liabilities amounted to S\$10.3 million or 80.4% of the Group's total liabilities. Current liabilities consist of the following:

- Trade and other payables of S\$6.4 million or 62.1% of the Group's total current liabilities. The increase of S\$1.7 million or 14.6% from S\$4.7 million as at 31 December 2018 to S\$6.4 million as at 31 December 2019 is due to:
 1. The increase of S\$0.5 million in trade payables to our suppliers due to higher purchases during Q4 2019 as compared to Q4 2018 and timing of payment to the suppliers;
 2. The increase of S\$0.6 million in provision for FY 2019 incentive bonus for our specialist medical practitioners on the back of better performance achieved by some of these specialist medical practitioners; and
 3. The increase of S\$0.6 million in provision for FY 2019 variable bonus for our management and clinical staff due to a change in the bonus payment period from financial year-end to post financial year-end.
- Lease liabilities of S\$1.4 million or 13.9% of the Group's total current liabilities. The increase of S\$1.4 million is due to the adoption of SFRS(I) 16 effective from 1 January 2019.
- Contract liabilities of S\$0.6 million or 5.9% of the Group's total current liabilities. The increase of S\$0.2 million or 40.3% from S\$0.4 million as at 31 December 2018 to S\$0.6 million as at 31 December 2019 is due to more antenatal, aesthetics and vaccination package fees collected upfront from patients for consultations and/or procedures that have yet to be performed.
- Current tax liabilities of S\$1.9 million, or 18.1% of the Group's total current liabilities, comprising income tax payables for FY 2019.

Shareholders' Equity

As at 31 December 2019, shareholder's equity of S\$36.2 million comprises the following:

- Issued and fully paid share capital of S\$29.6 million.
- Capital reserve of S\$1.8 million represents the difference between the fair value of the purchase consideration paid by the Company and the fair value of the net assets of Choo Wan Ling Women's Clinic Pte. Ltd. and Beh's Clinic for Women Pte. Ltd. acquired by the Company in 2014.
- Deficit in merger reserve of S\$1.7 million represents the difference between the consideration paid by the Company and the fair value of the net assets of Heng Clinic and K W Lee Clinic & Surgery for Women Pte. Ltd. acquired by the Company.
- Retained earnings of S\$6.5 million.

The decrease in retained earnings of S\$8.4 million from S\$14.9 million as at 31 December 2018 to S\$6.5 million as at 31 December 2019 is due to:

- Loss incurred for FY 2019 of S\$1.1 million; and
- Payment of S\$4.3 million and S\$3.0 million for FY 2018 final dividend and FY 2019 interim dividend to shareholders in May 2019 and September 2019 respectively.

Review of the Group's Cash Flows

Net Cash Generated from Operating Activities

For Q4 2019, there was a net cash inflow of S\$4.2 million from operating activities. This comprises operating cash inflows before changes in working capital of S\$3.8 million and net working capital inflows of S\$0.4 million. The net working capital inflows of S\$0.4 million is due to:

- Increase in trade and other payables and contract liabilities of S\$1.0 million due mainly to accrual for Q4 2019 bonuses for our specialist medical practitioners, management and clinical staff and increase in amount due to our suppliers; offset by
- Increase in inventories of S\$0.2 million due to higher inventories held by our Dermatology segment as at 31 December 2019; and
- Increase in trade and other receivables of S\$0.4 million due mainly to the increase in our specialist medical practitioners' professional fees due from hospitals and insurance companies.

For FY 2019, there was a net cash inflow of S\$14.1 million from operating activities. This comprises operating cash inflows before changes in working capital of S\$14.8 million, net working capital inflows of S\$1.0 million and income tax paid of S\$1.7 million. The net working capital inflows of S\$1.0 million is due to:

- Increase in trade and other payables and contract liabilities of S\$1.9 million due mainly to accrual for FY 2019 bonuses for our specialist medical practitioners, management and clinical staff and increase in amount due to our suppliers; offset by
- Increase in inventories of S\$0.4 million due to higher inventories held by our Dermatology segment as at 31 December 2019; and
- Increase in trade and other receivables of S\$0.5 million due mainly to the increase in our specialist medical practitioners' professional fees due from hospitals and insurance companies.

Net Cash Used in Investing Activities

For Q4 2019, the net cash from investing activities amounted to S\$25,000 which was attributed to:

- Interest received of S\$35,000 from our fixed deposit placement and interest-bearing current accounts; offset by
- Purchase of plant and equipment of S\$10,000.

For FY 2019, the net cash used in investing activities amounted to S\$801,000 which was attributed to:

- Purchase of plant and equipment of S\$949,000; offset by
- Interest received of S\$148,000 from our fixed deposit placement and interest-bearing current accounts.

Net Cash Used in Financing Activities

Net cash used in financing activities in Q4 2019 amounted to S\$391,000 which was attributed to payment of the principal and interest on leases.

Net cash used in financing activities in FY 2019 amounted to S\$8.9 million which was attributed to:

- Payment of S\$4.3 million and S\$3.0 million for the FY 2018 final dividend and FY 2019 interim dividend to shareholders in May 2019 and September 2019 respectively; and
- Payment of S\$1.6 million for the principal and interest on leases.

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

The Board of Directors noted in the last financial statements announcement that barring any unforeseen circumstances, the Board expects the Group to grow its revenue and operational profits. The Group's revenue for Q4 2019 has increased as compared to Q3 2019 while the Group's operational profits has declined for Q4 2019 as compared to Q3 2019 on the back of higher employee remuneration expenses and other operating expenses.

The Group recognised an impairment loss of S\$11.9 million on the goodwill arising from the JL Acquisition on the back of declining earnings of the Dermatology segment which resulted in the Group posting a net loss for Q4 2019 and FY 2019.

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

As at the date of this Announcement, the Board of Directors are not aware of any significant change in trends and competitive conditions that will significantly affect the Group's operations and businesses, notwithstanding the recent outbreak of the Corona Virus Disease 2019 ("COVID-19") which is expected to affect the private healthcare visitations as patients defer non-essential visits to hospitals in the near-term. A decline in medical tourism is also expected from neighbouring countries and especially mainland China.

Based on the current economic conditions and barring unforeseen circumstances, the Board of Directors expects the Group to remain profitable at the operational level in the next reporting period and the next 12 months.

With steady demand for healthcare services expected over the long-term, we will continue to look at growing our business through exploring synergistic business opportunities.

Following the changes in Catalist Rules which took effect on 7 February 2020, Singapore Exchange Regulation ("SGX RegCo") will only apply quarterly reporting requirements for companies associated with higher risks. Under the new approach, a company will have to report its financials on a quarterly basis if:

- It has received a disclaimer of opinion, adverse opinion or qualified opinion from its auditors on its latest financial statements;
- Its auditors have expressed a material uncertainty relating to going concern on its latest financial statements; or
- SGX RegCo has regulatory concerns with the company, for example if it has had material disclosure breaches or where it faces issues that have material financial impact.

The Group has not triggered any of the above criteria to require mandatory quarterly reporting. The Group will cease its quarterly reporting and adopt semi-annual reporting with effect from the financial year beginning on 1 January 2020 to focus on a long-term perspective on growth for our shareholders.

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.

No final dividend is recommended for FY 2019. An interim dividend of 0.62 Singapore cents per share has been paid on 3 September 2019.

(B) (i) Amount per share

Name of Dividend	Interim Ordinary One-tier tax exempt	Proposed Final Ordinary One-tier tax exempt	Total Dividend for FY 2019
Dividend amount (cents per share)	0.62	-	0.62

(B) (ii) Previous corresponding period

Name of Dividend	Interim Ordinary One-tier tax exempt	Final Ordinary One-tier tax exempt	Total Dividend for FY 2018
Dividend amount (cents per share)	0.80	0.90	1.70

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

Not applicable.

(D) The date the dividend is payable

Not applicable.

(E) The date on which Registrable Transfers received by the Company (up to 5.00pm) 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 final dividend has been declared or recommended in view of the net loss incurred for the fourth quarter and full year ended 31 December 2019.

13 If the Group has obtained a general mandate from the shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate from its shareholders for Interested Person Transactions pursuant to Rule 920(1)(a)(ii).

There were no interested person transactions of S\$100,000 or more during Q4 2019.

14 Use of IPO proceeds

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

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

Use of IPO proceeds	Amount Allocated S\$'000	Amount Utilised S\$'000	Amount Unutilised S\$'000
Expansion of business operations ¹	3,000	(1,177)	1,823
Investments in healthcare professionals and synergistic businesses ²	6,000	(6,000)	-
Working capital purposes ³	200	(200)	-
Total	9,200	(7,377)	1,823

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

Note:

¹ The amount of S\$1.2 million from the expansion of business operations category has been mainly utilised for the set-up cost of the following clinics:

- S\$0.2 million for SOG-SK Lim Breast & General Surgicare Clinic, located at Mount Elizabeth Novena Specialist Centre #06-53 in May 2016;
- S\$0.2 million for SOG-SC Hong Clinic for Women, located at Mount Alvernia Medical Centre #07-62 in July 2016;
- S\$0.1 million for SOG-Clinic for Children (Central), located at 11A Boon Tiong Road #01-11 in November 2017;
- S\$0.1 million for SOG-Clinic for Children (Gastroenterology Liver), located at Mount Elizabeth Novena Specialist Centre #07-53 in November 2018;
- S\$0.3 million for SOG Dermatology (Gleneagles), located at Gleneagles Medical Centre #06-01 in January 2019;
- S\$0.1 million for SOG-Clinic for Children (Gleneagles), located at Gleneagles Medical Centre #08-14 in February 2019; and
- S\$0.1 million for SOG-Clara Ong Clinic for Women located at Gleneagles Medical Centre #08-15/16 in May 2019.

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

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

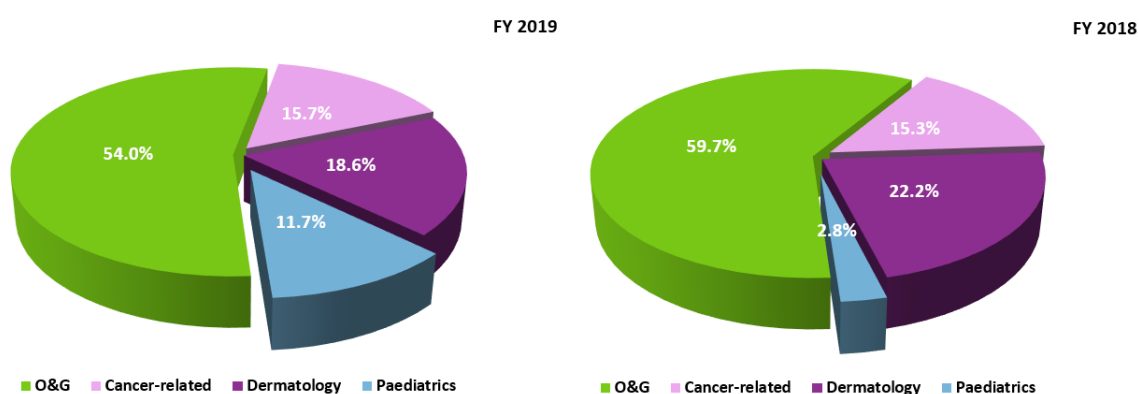
PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR RESULTS ANNOUNCEMENT

15 Segmented revenue and results for operating segments (for the Group) in the form presented in the most recently audited annual financial statements, with comparative information for the immediately preceding year.

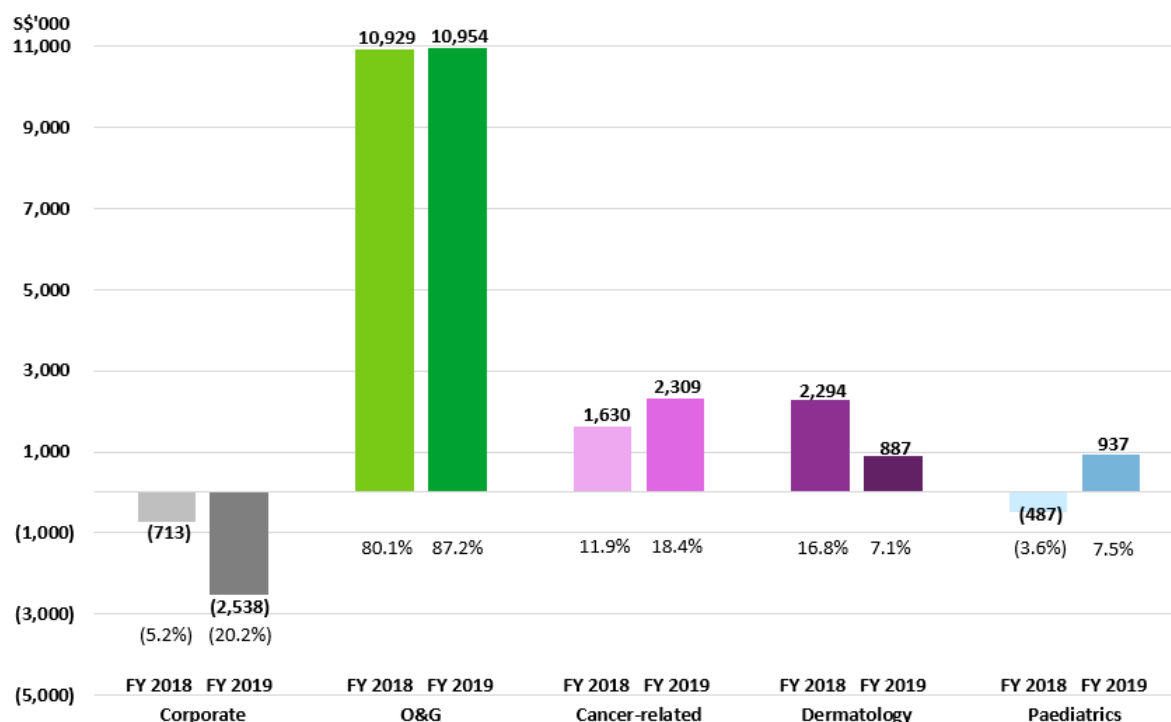
In FY 2019, the Group continues to grow its O&G and Paediatrics segments. We are delighted to have successfully recruited another Paediatrician, Dr. Petrina Wong, in February 2019 and Obstetrician and Gynaecologist, Dr. Clara Ong, in May 2019.

As at 31 December 2019, the Group has four operating segments namely: O&G, Cancer-related, Dermatology and Paediatrics.

Revenue by Segment



Profit from Operations by Segment



<u>2019</u>	O&G S\$'000	Dermatology S\$'000	Cancer- Related S\$'000	Paediatrics S\$'000	Corporate S\$'000	Elimination S\$'000	Total S\$'000
Revenue							
External	21,466	7,379	6,241	4,671	-	-	39,757
Inter-segment	118	7	7	20	-	(152)	-
Total revenue	21,584	7,386	6,248	4,691	-	(152)	39,757
Segment Results							
Segment profit/(loss) from operations	10,954	887	2,309	937	(2,538)	-	12,549
Impairment of goodwill	-	(11,900)	-	-	-	-	(11,900)
Finance income	-	8	-	-	145	-	153
Finance expense	(68)	(42)	(27)	(32)	(14)	-	(183)
Profit/(loss) before income tax	10,886	(11,047)	2,282	905	(2,407)	-	619
Income tax (expense)/credit	(1,539)	(110)	(271)	(94)	262	-	(1,752)
Profit/(loss) for the year	9,347	(11,157)	2,011	811	(2,145)	-	(1,133)
2018							
	O&G S\$'000	Dermatology S\$'000	Cancer- Related S\$'000	Paediatrics S\$'000	Corporate S\$'000	Elimination S\$'000	Total S\$'000
Revenue							
External	20,696	7,716	5,311	958	-	-	34,681
Inter-segment	91	-	1	9	-	(101)	-
Total revenue	20,787	7,716	5,312	967	-	(101)	34,681
Segment Results							
Segment profit/(loss) from operations	10,929	2,294	1,630	(487)	(713)	-	13,653
Impairment of goodwill	-	(2,800)	-	-	-	-	(2,800)
Finance income	-	20	-	-	58	-	78
Finance expense	-	-	-	-	-	-	-
Profit/(loss) before income tax	10,929	(486)	1,630	(487)	(655)	-	10,931
Income tax (expense)/credit	(1,414)	(286)	(142)	104	(45)	-	(1,783)
Profit/(loss) for the year	9,515	(772)	1,488	(383)	(700)	-	9,148

- 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 A breakdown of sales and profit/loss after tax for the first half and second half year and the percentage changes.**

	Group			
	2019 S\$'000	2018 S\$'000	Increase/(Decrease) S\$'000	%
Revenue reported for the first half year	18,650	16,832	1,818	10.8%
Profit after tax reported for the first half year	4,827	6,229	(1,402)	(22.5%)
Revenue reported for the second half year	21,107	17,849	3,258	18.3%
Loss/(profit) after tax reported for the second half year	(5,960)	2,919	(8,901)	N/M

N/M - Not Meaningful

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

		2019 S\$'000	2018 S\$'000
Final dividend paid in respect of the previous financial year	One-tier tax exempt	4,291	4,244
Interim dividend paid in respect of the current financial year	One-tier tax exempt	2,956	3,814
		<u>7,247</u>	<u>8,058</u>

**Proposed dividends to the Company's shareholders
but not recognised as a liability as at**

		31 December 2019 S\$'000	31 December 2018 S\$'000
Final dividend	One-tier tax exempt	-	<u>4,291</u>

- 19 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 in the format set out in Appendix 7C Part II pursuant to Rule 704(10).**

The Board of Directors hereby confirms that to the best of their knowledge, none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director or the chief executive officer or substantial shareholder of the Company.

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

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

BY ORDER OF THE BOARD

DR. BEH SUAN TIONG
EXECUTIVE CHAIRMAN
19 FEBRUARY 2020

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

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

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