



SINGAPORE O&G LTD.
CARING FOR WOMEN'S & CHILDREN'S HEALTH

SINGAPORE O&G LTD.
(Company Registration No. 201100687M)

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR ENDED 30 JUNE 2020**

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.

	Group			
	1H 2020 S\$'000	1H 2019 S\$'000	Increase/(Decrease) S\$'000	%
Revenue	17,865	18,650	(785)	(4.2%)
Other operating income	815	280	535	N/M
Consumables and medical supplies used	(3,027)	(3,005)	22	0.7%
Employee remuneration expense	(8,986)	(7,884)	1,102	14.0%
Depreciation	(1,083)	(1,088)	(5)	(0.5%)
Other operating expense	(1,056)	(1,148)	(92)	(8.0%)
Profit from operations	4,528	5,805	(1,277)	(22.0%)
Finance income	124	45	79	N/M
Finance expense	(87)	(94)	(7)	(7.4%)
Net finance income/(expense)	37	(49)	86	N/M
Profit before income tax	4,565	5,756	(1,191)	(20.7%)
Income tax expense	(773)	(929)	(156)	(16.8%)
Profit for the period	3,792	4,827	(1,035)	(21.4%)
Other comprehensive income, at nil tax	-	-	-	-
Total comprehensive income for the period	3,792	4,827	(1,035)	(21.4%)

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	
	30/6/2020	31/12/2019	30/6/2020	31/12/2019
	S\$'000	S\$'000	S\$'000	S\$'000
		<i>(Audited)</i>		<i>(Audited)</i>
ASSETS				
Non-current assets				
Goodwill	12,230	12,230	-	-
Plant and equipment	1,844	1,595	141	132
Right-of-use assets	2,941	3,698	184	248
Deferred tax assets	2	3	-	-
Investment in subsidiaries	-	-	23,562	23,562
	17,017	17,526	23,887	23,942
Current assets				
Inventories	2,005	2,030	-	-
Trade and other receivables	2,818	3,517	159	243
Amounts due from subsidiaries (non-trade)	-	-	14,696	6,178
Cash and cash equivalents	29,640	25,985	10,260	9,068
	34,463	31,532	25,115	15,489
Total assets	51,480	49,058	49,002	39,431
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	29,809	29,646	29,809	29,646
Treasury shares	(230)	-	(230)	-
Capital reserve	1,748	1,771	1,748	1,771
Merger reserve	(1,695)	(1,695)	-	-
Retained earnings	10,280	6,488	13,481	3,279
Total equity	39,912	36,210	44,808	34,696
Non-current liabilities				
Lease liabilities	1,866	2,381	122	180
Deferred tax liabilities	130	134	15	9
	1,996	2,515	137	189
Current liabilities				
Trade and other payables	5,049	6,412	949	1,432
Amount due to subsidiaries (non-trade)	-	-	3,039	3,039
Contract liabilities	784	613	-	-
Lease liabilities	1,214	1,434	69	75
Current tax liabilities	2,525	1,874	-	-
	9,572	10,333	4,057	4,546
Total liabilities	11,568	12,848	4,194	4,735
Total equity and liabilities	51,480	49,058	49,002	39,431

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	
	1H 2020	1H 2019
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before taxation	4,565	5,756
Adjustments for:		
Depreciation	1,083	1,088
Plant and equipment written off	-	16
Interest income	(124)	(45)
Interest expense	87	94
Equity-settled share-based payment transactions	140	-
Operating profit before working capital changes	<u>5,751</u>	6,909
Changes in inventories	25	(292)
Changes in trade and other receivables	727	(287)
Changes in trade and other payables and contract liabilities	<u>(1,406)</u>	(637)
Cash generated from operations	5,097	5,693
Income tax paid	<u>(125)</u>	(866)
Net cash from operating activities	4,972	4,827
Cash flows from investing activities		
Purchase of plant and equipment	(390)	(549)
Interest received	96	62
Net cash used in investing activities	<u>(294)</u>	(487)
Cash flows from financing activities		
Dividends paid to shareholders	-	(4,291)
Purchase of treasury shares	(230)	-
Principal element of lease payments	(706)	(705)
Interest paid	<u>(87)</u>	(94)
Net cash used in financing activities	(1,023)	(5,090)
Net increase/(decrease) in cash and cash equivalents	3,655	(750)
Cash and cash equivalents at beginning of period	<u>25,985</u>	21,546
Cash and cash equivalents at end of period	<u>29,640</u>	20,796

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	Treasury shares S\$'000	Capital reserve S\$'000	Merger reserve S\$'000	Retained earnings S\$'000	Total S\$'000
Group						
At 1 January 2019	29,646	-	1,771	(1,695)	14,868	44,590
Total comprehensive income for the period						
Profit for the period	-	-	-	-	4,827	4,827
Other comprehensive income, at nil tax	-	-	-	-	-	-
	-	-	-	-	4,827	4,827
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Dividends paid to shareholders	-	-	-	-	(4,291)	(4,291)
At 30 June 2019	29,646	-	1,771	(1,695)	15,404	45,126
Group						
At 1 January 2020	29,646	-	1,771	(1,695)	6,488	36,210
Total comprehensive income for the period						
Profit for the period	-	-	-	-	3,792	3,792
Other comprehensive income, at nil tax	-	-	-	-	-	-
	-	-	-	-	3,792	3,792
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Issue of new shares under the SOG Performance Share Plan	163	-	(23)	-	-	140
Shares bought back and held as treasury shares	-	(230)	-	-	-	(230)
	163	(230)	(23)	-	-	(90)
At 30 June 2020	29,809	(230)	1,748	(1,695)	10,280	39,912

	Share capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Merger reserve S\$'000	Retained earnings S\$'000	Total S\$'000
Company						
At 1 January 2019	29,646	-	1,771	-	13,597	45,014
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(264)	(264)
Other comprehensive income, at nil tax	-	-	-	-	-	-
	-	-	-	-	(264)	(264)
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Dividends paid to shareholders	-	-	-	-	(4,291)	(4,291)
At 30 June 2019	29,646	-	1,771	-	9,042	40,459
Company						
At 1 January 2020	29,646	-	1,771	-	3,279	34,696
Total comprehensive income for the period						
Profit for the period	-	-	-	-	10,202	10,202
Other comprehensive income, at nil tax	-	-	-	-	-	-
	-	-	-	-	10,202	10,202
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Issue of new shares under the SOG Performance Share Plan	163	-	(23)	-	-	140
Shares bought back and held as treasury shares	-	(230)	-	-	-	(230)
Dividends paid to shareholders	-	-	-	-	-	-
	163	(230)	(23)	-	-	(90)
At 30 June 2020	29,809	(230)	1,748	-	13,481	44,808

- 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.**

	<u>Company</u>	
	30/6/2020	30/6/2019
	No. of ordinary shares	
Issued ordinary shares		
Balance at beginning of period	476,803,002	476,803,002
Issue of shares under the SOG Performance Share Plan	<u>666,666</u>	-
Balance at end of period	<u>477,469,668</u>	476,803,002
Treasury shares		
Balance at beginning of period	-	-
Shares bought back and held as treasury shares	<u>1,018,266</u>	-
Balance at end of period	<u>1,018,266</u>	-
Issued ordinary shares excluding treasury shares	<u>476,451,402</u>	476,803,002

As at 30 June 2020, the outstanding number of treasury shares represented 0.21% (30 June 2019: Nil%) of the total number of issued ordinary shares.

As at 30 June 2020, the aggregate number of ordinary shares in relation to the grant of share awards pursuant to the SOG Performance Share Plan which are not released amounted to 1,333,334 shares (30 June 2019: Nil).

The Company did not have any subsidiary holdings, outstanding options and convertibles as at 30 June 2020 and 30 June 2019.

- 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>Company</u>	
	30/6/2020	31/12/2019
	No. of ordinary shares	
Issued ordinary shares excluding treasury shares	<u>476,451,402</u>	476,803,002

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.

Under the Share Buy-Back Mandate which was approved by the shareholders on 22 May 2020, the Company purchased a total of 1,018,266 ordinary shares during the half year ended 30 June 2020 and held such shares as treasury shares. The amount paid, including brokerage fee, totalled S\$230,000 and was deducted against equity.

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.

3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

(A) Updates on the efforts taken to resolve each outstanding audit issue.

(B) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable as the Group's latest financial statements are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

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 half year ended 30 June 2020 are consistent with those applied in the financial statements for the financial year ended 31 December 2019.

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 2020.

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

- Amendments to References to the Conceptual Framework in SFRS(I)
- Definition of a Business (Amendments to SFRS(I) 3)
- Definition of Material (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)

The adoption of the above new or amended SFRS(I), SFRS(I) Interpretations and amendments to SFRS(I) did not have any significant impact on the financial statements of the Group.

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>	
	1H 2020	1H 2019
Profit attributable to equity holders of the Company (S\$'000)	<u>3,792</u>	<u>4,827</u>
Earnings per share (cents/share)		
- Based on weighted average number of ordinary shares in issue	<u>0.80</u>	1.01
- On a fully diluted basis	<u>0.80</u>	<u>1.01</u>

Note:

The basic and diluted earnings per ordinary share for the half year ended 30 June 2020 have been calculated based on the Group’s profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares of 476,723,238 (30 June 2019: 476,803,002) and 476,972,322 (30 June 2019: 476,803,002) in issue and on a fully diluted basis respectively.

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>	
	<u>30/6/2020</u>	<u>31/12/2019</u>	<u>30/6/2020</u>	<u>31/12/2019</u>
Net assets value (S\$'000)	<u>39,912</u>	<u>36,210</u>	<u>44,808</u>	<u>34,696</u>
Net assets value per ordinary share based on the total number of issued shares excluding treasury shares as at end of the period reported on (cents)	<u>8.38</u>	<u>7.59</u>	<u>9.40</u>	<u>7.28</u>
Number of issued shares excluding treasury shares as at end of the period	<u>476,451,402</u>	<u>476,803,002</u>	<u>476,451,402</u>	<u>476,803,002</u>

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

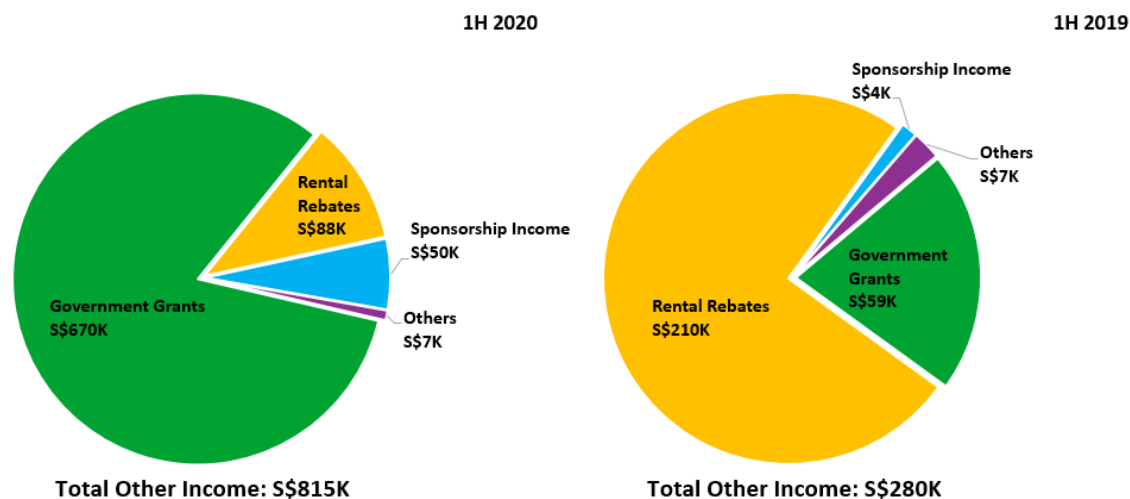
Revenue

Revenue decreased by S\$0.8 million or 4.2% from S\$18.7 million for the half year ended 30 June 2019 ("**1H 2019**") to S\$17.9 million for the half year ended 30 June 2020 ("**1H 2020**"). The decrease is attributed to:

- The decrease of S\$0.7 million, S\$0.3 million and S\$0.2 million from our Dermatology, Cancer-related and Obstetrics & Gynaecology ("**O&G**") segment respectively due mainly to the suspension of non-essential medical services during the circuit breaker period from 7 April 2020 to 1 June 2020, and deferment of certain medical services in phase 1 of post circuit breaker period from 2 June 2020 to 18 June 2020, implemented by the Government of Singapore in response to the Corona Virus Disease 2019 ("**COVID-19**") pandemic; offset by
- The increase of S\$0.4 million from our Paediatrics segment due to increase in patient load for our new clinics i.e. SOG – Christina Ong Clinic for Children and Gastroenterology and SOG – Petrina Wong Clinic for Children Respiratory and Sleep which started their operations in November 2018 and February 2019 respectively.

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.



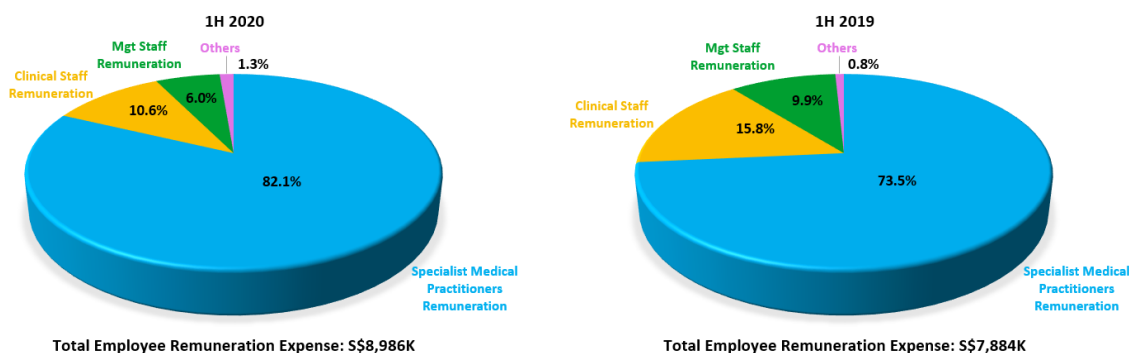
Other operating income increased by S\$535,000 from S\$280,000 in 1H 2019 to S\$815,000 in 1H 2020. The increase is attributed mainly to:

- The increase in government grants arising from the COVID-19 support schemes such as the Jobs Support Scheme, Foreign Workers Levy Rebate and Property Tax Rebate amounting to S\$611,000;
- The increase in sponsorship income of S\$46,000; offset by
- The decrease in rental rebates of S\$122,000.

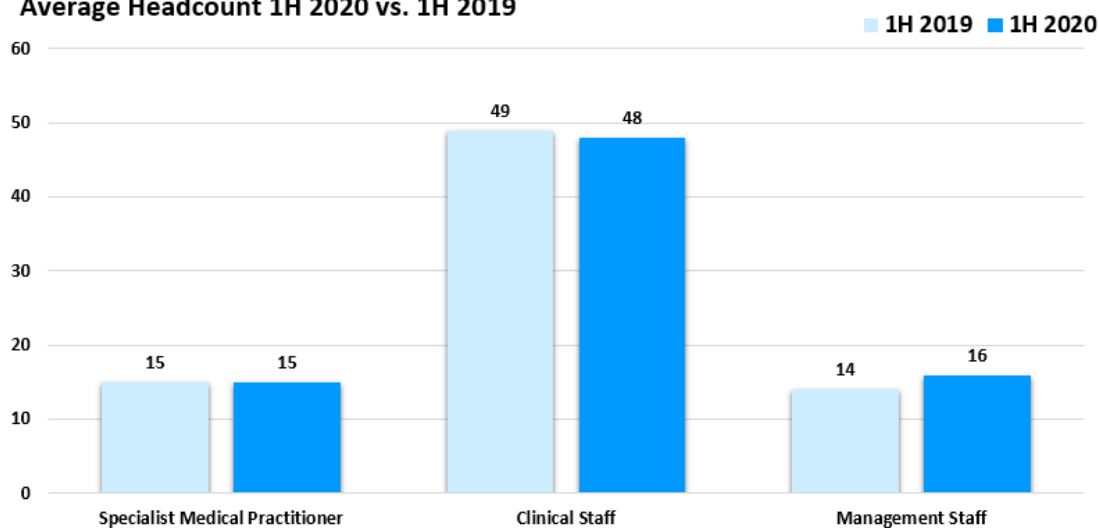
Consumables and Medical Supplies Used

Consumables and medical supplies used remained consistent at S\$3.0 million as the increase in consumables and medical supplies of S\$142,000 used by our Paediatrics segment arising from higher patient load is offset by the decrease in consumables and medical supplies of S\$142,000 used by the other segments due to lower patient load.

Employee Remuneration Expense



Average Headcount 1H 2020 vs. 1H 2019



Employee remuneration expense increased by S\$1.1 million or 14.0% from S\$7.9 million in 1H 2019 to S\$9.0 million in 1H 2020. The increase is due to:

- The increase in employee remuneration expense of S\$1.5 million for certain specialist medical practitioners which took effect from 1 January 2020 for talent retention and recognition of past performance contribution.
- The increase in employee remuneration expense of S\$0.1 million from our new clinics i.e. SOG – Petrina Wong Clinic for Children Respiratory and Sleep and SOG – Clara Ong Clinic for Women which started their operations in February 2019 and May 2019 respectively; offset by
- The decrease in employee remuneration expense of S\$0.5 million due to the reversal of FY 2019 bonus provision and lower 1H 2020 bonus provision for clinical and management staff.

Depreciation

Depreciation remained consistent at S\$1.1 million due to lower depreciation of S\$43,000 from right-of-use (“**ROU**”) assets attributed by lower rental rates for our clinic leases renewal which were partially offset by higher depreciation charge of S\$38,000 from the addition of medical equipment for Joyce Lim Skin & Laser Clinic in 1H 2020.

Other Operating Expense

Other operating expense decreased by S\$0.1 million or 8.0% from S\$1.2 million in 1H 2019 to S\$1.1 million in 1H 2020. The decrease is attributed to the decrease in administrative and professional fees of S\$0.1 million.

Finance Income

Finance income relates to interest income earned from the placement of surplus cash 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.

Finance income increased by S\$79,000 from S\$45,000 in 1H 2019 to S\$124,000 in 1H 2020 as more cash is being placed under interest-bearing current accounts and fixed deposits.

Finance Expense

Finance expense relates to interest expense incurred on lease liabilities.

Finance expense decreased by S\$7,000 from S\$94,000 in 1H 2019 to S\$87,000 in 1H 2020 due to the decrease in lease liabilities.

Profit Before Income Tax

As a result of the above, profit before income tax decreased by S\$1.2 million or 20.7% from S\$5.8 million in 1H 2019 to S\$4.6 million in 1H 2020.

Income Tax Expense

Income tax expense decreased by S\$156,000 or 16.8% from S\$929,000 in 1H 2019 to S\$773,000 in 1H 2020 due mainly to lower profits from operations.

Review of the Group's Financial Position

Non-Current Assets

As at 30 June 2020, non-current assets amounted to S\$17.0 million or 33.1% of the Group's total assets. Non-current assets consist of the following main items:

- Goodwill of S\$12.2 million or 71.9% of the Group's total non-current assets, which comprises:
 1. S\$446,000 and S\$396,000 for the acquisition of SOG - 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\$1.8 million or 10.8% of the Group's total non-current assets. Plant and equipment increased by S\$0.2 million or 15.6% from S\$1.6 million as at 31 December 2019 to S\$1.8 million as at 30 June 2020. The increase is attributed to:
 1. S\$0.5 million for the purchase of medical equipment for Joyce Lim Skin & Laser Clinic;
 2. S\$0.1 million for the purchase of ultrasound machine for SOG – SC Hong Clinic for Women; offset by
 3. The depreciation charge on plant and equipment of S\$0.4 million in 1H 2020.
- ROU assets of S\$2.9 million or 17.3% of the Group's total non-current assets. ROU assets decreased by S\$0.8 million from S\$3.7 million as at 31 December 2019 to S\$2.9 million as at 30 June 2020. The decrease is attributed mainly to the depreciation charge on ROU assets in 1H 2020.

Current Assets

As at 30 June 2020, current assets amounted to S\$34.5 million or 66.9% of the Group's total assets. Current assets consist of the following:

- Inventories of S\$2.0 million or 5.8% of the Group's total current assets.
- Trade and other receivables of S\$2.8 million or 8.2% of the Group's total current assets. The decrease of S\$0.7 million or 19.9% from S\$3.5 million as at 31 December 2019 to S\$2.8 million as at 30 June 2020 is due mainly to the decrease in our specialist medical practitioners' professional fees due from hospitals and insurance companies.

- Cash and cash equivalents of S\$29.6 million or 86.0% of the Group's total current assets. The increase of S\$3.7 million or 14.1% from S\$26.0 million as at 31 December 2019 to S\$29.7 million as at 30 June 2020 is due to:
 1. S\$5.0 million net cash inflows from operating activities in 1H 2020;
 2. S\$0.1 million interest received in 1H 2020; offset by
 3. Purchase of plant and equipment of S\$0.4 million in 1H 2020;
 4. Share buy-back of S\$0.2 million as treasury shares; and
 5. Payment for the principal and interest on leases totalling S\$0.8 million in 1H 2020.

Non-Current Liabilities

As at 30 June 2020, non-current liabilities amounted to S\$2.0 million or 17.3% of the Group's total liabilities. Non-current liabilities consist of the following:

- Lease liabilities of S\$1.9 million or 93.5% of the Group's total non-current liabilities. The decrease in lease liabilities of S\$0.5 million from S\$2.4 million as at 31 December 2019 to S\$1.9 million as at 30 June 2020 is due to the reclassification of the non-current portion of the lease liabilities to current.
- Deferred tax liabilities of S\$0.1 million or 6.5% of the Group's total non-current liabilities. Deferred tax liabilities arose mainly from the timing differences in temporary differences of the Group's plant and equipment.

Current Liabilities

As at 30 June 2020, current liabilities amounted to S\$9.6 million or 82.7% of the Group's total liabilities. Current liabilities consist of the following:

- Trade and other payables of S\$5.0 million or 52.7% of the Group's total current liabilities. The decrease of S\$1.4 million or 21.3% from S\$6.4 million as at 31 December 2019 to S\$5.0 million as at 30 June 2020 is due to:
 1. The payment of S\$3.5 million for FY 2019 incentive bonuses to our specialist medical practitioners and FY 2019 variable bonuses to clinical and management staff in 1H 2020;
 2. The reversal of S\$0.4 million FY 2019 bonus provision for clinical and management staff;
 3. The decrease of S\$0.4 million in trade payables to our suppliers; offset by
 4. The provision of S\$2.9 million for 1H 2020 incentive bonuses for our specialist medical practitioners and FY 2020 bonuses for clinical and management staff.

- Lease liabilities of S\$1.2 million or 12.7% of the Group's total current liabilities. The decrease of S\$0.2 million from S\$ 1.4 million as at 31 December 2019 to S\$1.2 million as at 30 June 2020 is due to the lease payments in 1H 2020 offset by the reclassification of the non-current portion of the lease liabilities to current.
- Contract liabilities of S\$0.8 million or 8.2% of the Group's total current liabilities. The increase of S\$0.2 million or 27.9% from S\$0.6 million as at 31 December 2019 to S\$0.8 million as at 30 June 2020 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\$2.5 million, or 26.4% of the Group's total current liabilities, comprising income tax payables for FY 2019 and 1H 2020.

Shareholders' Equity

As at 30 June 2020, shareholder's equity of S\$39.9 million comprises the following:

- Issued and fully paid share capital of S\$29.8 million less S\$0.2 million treasury shares.
- Capital reserve of S\$1.7 million represents mainly 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 for Women Pte. Ltd. and K W Lee Clinic & Surgery for Women Pte. Ltd. acquired by the Company.
- Retained earnings of S\$10.3 million.

The increase in retained earnings of S\$3.8 million from S\$6.5 million as at 31 December 2019 to S\$10.3 million as at 30 June 2020 is due to the net profit after tax of S\$3.8 million for 1H 2020.

Review of the Group's Cash Flows

Net Cash Generated from Operating Activities

For 1H 2020, there was a net cash inflow of S\$5.0 million from operating activities. This comprises operating cash inflows before changes in working capital of S\$5.8 million, offset by net working capital outflows of S\$0.7 million and income tax paid of S\$0.1 million. The net working capital outflows of S\$0.7 million is due to:

- Decrease in trade and other payables and contract liabilities of S\$1.4 million due mainly to the following:

1. Payment for FY 2019 incentive bonuses to our specialist medical practitioners and FY 2019 variable bonuses to clinical and management staff in 1H 2020;
 2. Reversal of FY 2019 bonuses for clinical and management staff;
 3. Decrease in amount due to trade creditors; offset by
 4. Provision for 1H 2020 incentive bonus for our specialist medical practitioners and bonuses for clinical and management staff.
- Decrease in trade and other receivables of S\$0.7 million due mainly to the decrease in our specialist medical practitioners' professional fees due from hospitals and insurance companies.

Net Cash Used in Investing Activities

For 1H 2020, the net cash used in investing activities amounted to S\$294,000 which was attributed to:

- Purchase of plant and equipment of S\$390,000; offset by
- Interest received of S\$96,000 from the fixed deposit placement and interest-bearing current accounts.

Net Cash Used in Financing Activities

Net cash used in financing activities in 1H 2020 amounted to S\$1.0 million which was attributed to:

- Payment of S\$0.2 million for share buy-back as treasury shares; and
- Payment of S\$0.8 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 remain profitable at the operational level in the next reporting period and the next 12 months. Despite the COVID-19 pandemic which disrupted the Group's operations and businesses, the Group has remained profitable at the operational level for 1H 2020.

- 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 is not aware of any significant change in trends and competitive conditions that will significantly affect the Group's operations and businesses other than the COVID-19 pandemic which is expected to continue to affect the healthcare visitations as patients defer non-essential visits to hospitals and the decline in medical tourism from neighbouring countries due to the travel restrictions imposed.

The Group has embarked on new initiatives such as tele-consultation services which include medication delivery services for our overseas patients or patients who do not wish to visit our clinics.

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.

- 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.

In view of our Group's performance for 1H 2020, the Board of Directors has declared an interim dividend payment of 0.50 Singapore cents per share.

(B) (i) Amount per share

Name of Dividend	Interim Ordinary One-tier tax exempt
Dividend amount (cents per share)	0.50

(B) (ii) Previous corresponding period

Name of Dividend	Interim Ordinary One-tier tax exempt
Dividend amount (cents per share)	0.62

(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).

The dividend is one-tier tax exempt.

(D) The date the dividend is payable

The dividend will be paid on 1 September 2020.

(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.

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed at 5:00 p.m. on 18 August 2020 for the purpose of determining entitlements of ordinary shareholders to the one-tier tax exempt Interim Dividend of 0.50 Singapore cents per ordinary share for FY 2020.

Duly completed registrable transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #02-00, Singapore 068898, up to 5:00 p.m. on 18 August 2020 will be registered before entitlements to the Interim 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 18 August 2020 will be entitled to the Interim Dividend.

12 If no dividend has been declared (recommended), a statement to that effect, and the reason(s) for the decision.

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).

There were no interested person transactions of S\$100,000 or more during 1H 2020.

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, 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 – Christina Ong Clinic for Children and Gastroenterology, located at Mount Elizabeth Novena Specialist Centre #07-53 in November 2018;
- S\$0.3 million for SOG – HM Liew Skin and Laser Clinic, located at Gleneagles Medical Centre #06-01 in January 2019;
- S\$0.1 million for SOG – Petrina Wong Clinic for Children Respiratory and Sleep, 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) Pte. Ltd. and SOG Children (Paediatrics – Gleneagles) Pte. Ltd., as disclosed in the Company's Q1 2019 announcement dated 9 May 2019.

15 Additional information required pursuant to Rule 706A

Not applicable. During 1H 2020, the Company did not acquire or dispose of any shares resulting in any of the prescribed situations under Rule 706A.

16 Confirmation pursuant to Rule 705(5) of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited.

The Board of Directors hereby confirms that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements of the Group and the Company for the half year ended 30 June 2020 to be false or misleading in any material aspect.

17 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
6 AUGUST 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).