HEALTHWAY MEDICAL CORPORATION LIMITED

(Co. Regn. No: 200708625C)

Healthway Medical
Empowering Healthier Lives

UNAUDITED FINANCIAL STATEMENTS AND DIVIDENDS ANNOUNCEMENT FOR THE THREE-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2019 ("2019 Q2")

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

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

	3 months ended			6 months ended		
	30.06.19 S$'000	30.06.18 S$'000	Change %	30.06.19 S$'000	30.06.18 S$'000	Change %
Revenue	28,234	28,644	(1.4)	55,333	57,304	(3.4)
Other income	418	322	29.8	1,067	1,287	(17.1)
Other gains	(20)	(7)	n.m.	(5)	9	n.m.
Expenses by nature						
- Medical supplies, consumables and laboratory expenses	(5,400)	(5,459)	(1.1)	(10,877)	(10,995)	(1.1)
- Staff costs	(18,607)	(18,552)	0.3	(36,832)	(37,454)	(1.7)
- Depreciation and amortisation of property, plant and equipment	(2,753)	(447)	n.m.	(5,482)	(922)	n.m.
- Amortisation of intangible assets	-	(1)	n.m.	-	(1)	n.m.
- Rental expenses	(53)	(2,619)	(98.0)	(67)	(5,331)	(98.7)
- Allowance for doubtful trade and other receivables	(201)	(6)	n.m.	(409)	(99)	313.1
Finance costs	(252)	(21)	n.m.	(487)	(39)	n.m.
Other operating expenses	(2,022)	(1,838)	10.0	(3,974)	(3,644)	9.1
(Loss)/Profit before income tax	(656)	16	n.m.	(1,733)	115	n.m.
Income tax (expense)/credit	(21)	62	n.m.	(21)	79	n.m.
(Loss)/Profit for the year attributable to shareholders	(677)	78	n.m.	(1,754)	194	n.m.
Other comprehensive income/(loss), net of tax	11	5	120.0	3	(9)	(133.3)
Total comprehensive (loss)/income for the year	(666)	83	n.m.	(1,751)	185	n.m.

n.m. denotes not meaningful.

Explanatory notes to the income statement

Loss before income tax of the Group is arrived at after charging / (crediting):

	3 months ended			6 months ended		
	30.06.19 S$'000	30.06.18 S$'000	Change %	30.06.19 S$'000	30.06.18 S$'000	Change %
Interest income	(91)	(99)	(8.1)	(167)	(186)	(10.2)
Rental income	(135)	(136)	(0.7)	(286)	(256)	11.7
Interest expense	22	21	4.8	35	39	(10.3)
Lease interest expense	230	-	n.m.	452	-	n.m.
Allowance for doubtful trade and other receivables	201	6	n.m.	409	99	313.1
Bad debts recovered	(42)	-	n.m.	(42)	-	n.m.
Loss on disposal of property, plant and equipment	9	195	(95.4)	9	26	(65.4)
Unrealised currency translation loss/(gain) - net	20	7	n.m.	5	(9)	n.m.
Property, plant and equipment written off	49	117	(58.1)	52	117	(55.6)

Statement of comprehensive income

	3 months ended			6 months ended		
	30.06.19 S$'000	30.06.18 S$'000	Change %	30.06.19 S$'000	30.06.18 S$'000	Change %
(Loss)/Profit for the year	(677)	78	n.m.	(1,754)	194	n.m.
Currency translation gain/(loss) arising from consolidation - net	11	5	120.0	3	(9)	(133.3)
Total comprehensive (loss)/profit for the year	(666)	83	n.m.	(1,751)	185	n.m.

n.m. denotes 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	
	30.06.19 S$'000	31.12.18 S$'000	30.06.19 S$'000	31.12.18 S$'000
Current assets				
Cash and bank balances	26,930	33,381	25,364	31,010
Trade and other receivables	16,900	15,616	146	123
Inventories	3,219	2,926	-	-
	47,049	51,923	25,510	31,133
Non-current assets				
Other receivables	2,502	2,502	163	163
Investments in subsidiaries	-	-	213,086	208,233
Property, plant and equipment	29,178	7,320	1,209	654
Intangible assets	144,757	142,552	341	221
	176,437	152,374	214,799	209,271
Total assets	223,486	204,297	240,309	240,404
Equity				
Share capital	277,433	277,433	277,433	277,433
Currency translation reserve	751	748	-	-
Accumulated losses	(99,697)	(97,622)	(41,013)	(41,112)
Total equity	178,487	180,559	236,420	236,321
Current liabilities				
Trade and other payables	21,118	21,042	3,091	4,025
Current income tax liabilities	30	84	-	-
Other liabilities	7,942	-	-	-
Borrowings	600	389	-	-
	29,690	21,515	3,091	4,025
Non-current liabilities				
Borrowings	1,268	77	-	-
Deferred income tax liabilities	1,178	1,178	-	-
Provisions	988	968	58	58
Other liabilities	11,735	-	740	-
Other payables	140	-	-	-
	15,309	2,223	798	58
Total liabilities	44,999	23,738	3,889	4,083
Total equity and liabilities	223,486	204,297	240,309	240,404

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 the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

	As at 30.06.19		As at 31.12.18	
	Secured	Unsecured	Secured	Unsecured
	S$'000	S$'000	S$'000	S$'000
Amount repayable within one year	-	-	86	-

The borrowings have been fully repaid in FY2019 Q2. The borrowings of the Group as at 31 December 2018 were secured by personal guarantee from certain employees of the Company.

The Group's borrowings presented above do not include lease borrowings. Lease borrowings classified under borrowings of the Group are repayable as follows:

	As at 30.06.19	As at 31.12.18
	S$'000	S$'000
Amount repayable within one year	600	303
Amount repayable after one year	1,268	77

These lease borrowings of the Group are secured by the legal titles of leased property, plant and equipment and corporate guarantee from the Company.

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.

	3 months ended		6 months ended	
	30.06.19 S$'000	**30.06.18 S$'000**	**30.06.19 S$'000**	**30.06.18 S$'000**
Cash flows from operating activities				
(Loss)/Profit before income tax	(656)	16	(1,733)	115
Adjustments for:				
Amortisation of intangible assets	-	1	-	1
Depreciation and amortisation of property, plant and equipment	2,753	447	5,482	922
Allowance for doubtful trade and other receivables	201	6	409	99
Property, plant and equipment written off	49	117	52	117
Loss on disposal of property, plant and equipment	9	195	9	26
Provision for onerous lease contracts	(109)	-	(109)	-
Unrealised currency translation loss/(gain) - net	20	7	5	(9)
Interest expense	252	21	487	39
Interest income	(91)	(99)	(167)	(186)
	2,428	711	4,435	1,124
Changes in working capital:				
Inventories	96	296	(293)	(188)
Trade and other receivables	(1,177)	(1,663)	(1,693)	(2,487)
Trade and other payables	1,667	25	323	(1,101)
Provisions	(41)	-	(41)	-
Cash generated from/(used in) operations	2,973	(631)	2,731	(2,652)
Income tax payment	-	-	(75)	(46)
Net cash generated from/(used in) operating activities	**2,973**	**(631)**	**2,656**	**(2,698)**
Cash flows from investing activities				
Additions to property, plant and equipment	(2,070)	(63)	(3,630)	(191)
Additions to intangible assets	(33)	(153)	(2,205)	(153)
Proceeds from disposal of property, plant and equipment	-	5	-	314
Settlement of obligations - Wei Yi	-	(248)	-	(272)
Interest received	91	99	167	186
Net cash used in investing activities	**(2,012)**	**(360)**	**(5,668)**	**(116)**
Cash flows from financing activities				
Repayment of borrowings	(34)	(79)	(86)	(157)
Proceed from/(Repayment of) lease borrowings - net	765	(176)	1,488	(364)
Payment of lease liabilities	(2,460)	-	(4,806)	-
Interest paid	(22)	(21)	(35)	(39)
Net cash used in financing activities	**(1,751)**	**(276)**	**(3,439)**	**(560)**
Net decrease in cash and cash equivalents	**(790)**	**(1,267)**	**(6,451)**	**(3,374)**
Cash and cash equivalents				
Beginning of financial year	27,112	35,916	32,773	38,023
End of financial year	**26,322**	**34,649**	**26,322**	**34,649**

Cash and cash equivalents comprised:

	As at 30.06.19 S$'000	As at 30.06.18 S$'000
Cash and bank balances	26,930	35,255
Fixed deposits pledged as collaterals	(608)	(606)
	26,322	34,649

For the three month period ended 30 June 2019, the Group acquired property, plant and equipment with an aggregate cost of S$2,070,000 (2018: S$63,000), of which S$15,000 (2018: S$nil) was acquired under lease. S$916,000 of property, plant and equipment that was acquired prior to 1 April 2019, was financed under lease arrangement that were entered into this quarter.

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.

	Ordinary shares	Currency translation reserve	Accumulated losses	Total equity
	S$'000	S$'000	S$'000	S$'000
Group - Current period				
At 1 January 2019	277,433	748	(97,622)	180,559
Adoption of SFRS(I) 16	-	-	(321)	(321)
At 1 January 2019	277,433	748	(97,943)	180,238
Loss for the period	-	-	(1,077)	(1,077)
Foreign exchange differences	-	(8)	-	(8)
Total comprehensive loss for the period	-	(8)	(1,077)	(1,085)
At 31 March 2019	277,433	740	(99,020)	179,153
Loss for the period	-	-	(677)	(677)
Foreign exchange differences	-	11	-	11
Total comprehensive income/(loss) for the period	-	11	(677)	(666)
At 30 June 2019	277,433	751	(99,697)	178,487
Group - Previous period				
At 31 March 2018	277,433	717	(91,696)	186,454
Profit for the period	-	-	78	78
Foreign exchange differences	-	5	-	5
Total comprehensive income for the period	-	5	78	83
At 30 June 2018	277,433	722	(91,618)	186,537

	Ordinary shares	Currency translation reserve	Accumulated losses	Total equity
	S$'000	S$'000	S$'000	S$'000
Company - Current period				
At 31 March 2019	277,433	-	(41,114)	236,319
Profit for the period	-	-	101	101
Total comprehensive income for the period	-	-	101	101
At 30 June 2019	277,433	-	(41,013)	236,420
Company - Previous period				
At 31 March 2018	277,433	-	(41,364)	236,069
Loss for the period	-	-	(39)	(39)
Total comprehensive loss for the period	-	-	(39)	(39)
At 30 June 2018	277,433	-	(41,403)	236,030

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

Ordinary shares

	Number of shares	Amount S$
Ordinary shares excluding treasury shares as at 31 March 2019 and 30 June 2019	4,528,792,100	277,433,014

Convertibles

The Company did not have any outstanding convertibles as at 30 June 2019 (30 June 2018: Nil).

Treasury shares

The Company did not have any treasury shares as at 30 June 2019 (30 June 2018: Nil).

Subsidiary Holdings

The Company did not have subsidiary holdings as at 30 June 2019 (30 June 2018: Nil)

1(d)(iii) 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.

	As at 30.06.19	As at 31.12.18
Total number of issued shares excluding treasury shares	4,528,792,100	4,528,792,100

The Company did not have any treasury shares as at 30 June 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. The Company did not have any treasury shares during and 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. The Company did not have any subsidiary holdings during and 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 the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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.

Save as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those used in the most recently audited annual financial statements.

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.

Except for the adoption of the new financial reporting framework as discussed in the paragraph below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current period compared to the Group's most recently audited financial statements for the year ended 31 December 2018.

The Group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 Leases, which took effect on 1 January 2019, using the modified retrospective approach. SFRS(I) 16 introduces a single, on-balance sheet lease accounting model. It requires a lessee to recognise a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The adoption of SFRS(I) 16 results in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Exceptions to this standard are short-term and low-value leases. The accounting for lessors was not changed significantly.

In applying the modified retrospective approach, the cumulative effect of adopting SFRS(I) 16 is recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. Subsequent to initial recognition, the Group will depreciate the ROU assets over the lease term and recognise interest expenses on the lease liabilities. The Group applied the practical expedient to the definition of a lease on transition. SFRS(I) 16 will be applied to lease contracts entered before 1 January 2019 and are identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.

The ROU assets as at 30 June 2019 amounting to S$19.2 million were mainly related to leases of commercial and office premises occupied by the Group. Accordingly, there was a corresponding increase in lease liabilities of S$19.6 million as at 30 June 2019.

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.

	3 months ended		6 months ended	
	30.06.19	30.06.18	30.06.19	30.06.18
Basic and diluted (loss)/earnings per ordinary share (Singapore cents) [a]	(0.01) [b]	- [c][d]	(0.04) [b]	- [c][d]

(a) Basic and diluted (loss)/earnings per share of the Group for the 3 months and 6 months ended 30 June 2019 are calculated based on the weighted average number of ordinary shares in issue of 4,528,792,100 (3 months and 6 months ended 30 June 2018: 4,528,792,100).

(b) The respective basic and diluted loss per share for the Group for the 3 months and 6 months ended 30 June 2019 were the same as there were no potentially dilutive ordinary shares as at the end of the respective financial periods.

(c) The respective basic and diluted earnings per share for the Group for the 3 months and 6 months ended 30 June 2018 were the same as there were no potentially dilutive ordinary shares as at the end of the respective financial periods.

(d) Less than $0.01

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	
	As at 30.06.19	As at 31.12.18	As at 30.06.19	As at 31.12.18
Net asset value per ordinary share based on total number of issued shares, excluding treasury shares (Singapore cents)	3.94	3.99	5.22	5.22

The net asset value per ordinary share of the Group and the Company as at 30 June 2019 were calculated based on the total number of issued shares, excluding treasury shares, of 4,528,792,100 (31 December 2018: 4,528,792,100).

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 followings: -
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 performance

The Group's turnover for the quarter ended 30 June 2019 ("FY2019 Q2") was S$28.2 million, a decrease of S$0.4 million or 1.4% from S$28.6 million for the quarter ended 30 June 2018 ("FY2018 Q2"). The decrease was mainly due to the decrease in revenue of S$0.5 million in Specialist Healthcare segment offset by the increase in revenue of S$0.1 million in Primary Healthcare segment. The decrease in revenue for Specialist Healthcare Segment was on account of absence of S$0.3 million of revenue from Wellness Segment which was reported in FY2018 Q2. The Wellness Segment was disposed-off during the quarter ended 30 September 2018 ("FY2018 Q3").

Other income in FY2019 Q2 was S$0.4 million, an increase of S$0.1 million due to lower loss on disposal of fixed assets of S$0.2 million, offset by lower government grants of S$0.1 million

Total operating costs for the Group increased by S$0.1 million or 0.3% from S$28.9 million for FY2018 Q2 to S$29.0 million for FY2019 Q2. The increase was mainly attributable to increase in depreciation and amortisation expenses due to adoption of SFRS(I) 16, increase in staff costs, allowance for doubtful trade and other receivables and increase in other operating expenses offset by decrease in rental expenses on operating leases due to adoption of SFRS(I) 16.

Finance costs were higher by S$0.3 million mainly due to lease interest expenses as a result of adoption of SFRS(I) 16.

As a result of the above, the Group's loss before income tax for FY2019 Q2 was S$0.7 million as compared to a profit before income tax of S$0.02 million in FY2018 Q2 and the net loss attributable to shareholders for FY2019 Q2 was S$0.7 million as compared to net profit attributable to shareholders of S$0.1 million for FY2018 Q2.

Financial position

Non-current assets were S$176.4 million as at 30 June 2019, S$24.1 million higher than S$152.4 million as at 31 December 2018. The increase was due to increase in property, plant and equipment of S$21.9 million mainly due to initial recognition and addition of right-of-use assets of S$19.2 million as a result of adoption of SFRS(I) 16 net of depreciation; and addition of S$2.7 million in other property, plant and equipment net of depreciation. The increase in intangible assets of S$2.2 million was mainly due to goodwill arising from the acquisition of two (2) General Practice (GP) clinics amounted to S$2.1 million and addition of other intangibles of S$0.1 million during the FY2019 Q1.

Current assets were S$47.0 million as at 30 June 2019, S$4.9 million lower than S$51.9 million as at 31 December 2018. The decrease was mainly due to decrease in cash and cash equivalents of S$6.5 million and other receivables of S$0.2 million, offset by increase in inventories of S$0.3 million mainly due to increase in procurement upon acquisition of GP clinics and an increase in trade receivables of S$1.5 million mainly due to higher revenue in FY2019 Q2 as compared to FY2018 Q4

Non-current liabilities were S$15.3 million as at 30 June 2019, an increase of S$13.1 million from S$2.2 million as at 31 December 2018. This was mainly due to lease liabilities of S$11.7 million arising from adoption of SFRS(I) 16, increase in lease borrowings of S$1.2 million, other payable and provisions of S$0.2 million.

Current liabilities were S$29.7 million as at 30 June 2019, an increase of S$8.2 million from S$21.5 million as at 31 December 2018. This was mainly due to lease liabilities of S$7.9 million arising from adoption of SFRS(I) 16, an increase in net lease borrowings of S$0.2 million, an increase in trade payables of S$0.4 million, offset by decrease in other payables and accruals for operating expenses totalling to S$0.3 million.

The Group had a positive working capital of S$17.4 million as at 30 June 2019.

Cash flow statement

As at 30 June 2019, the Group had cash and cash equivalents amounting to S$26.3 million, net of fixed deposits pledged of S$0.6 million, as compared to cash and cash equivalents amounting to S$34.6 million, net of fixed deposits pledged of S$0.6 million as at 30 June 2018.

The cash movements during FY2019 Q2 can be summarised as follows: -

Cash flow generated from operating activities for FY2019 Q2 amounted to S$3.0 million as a result of operating cash flow before changes in working capital of S$2.4 million, adjusted for net working capital inflow of S$0.5 million. The net working capital inflow was mainly due to increase in trade and other payables of S$1.6 million, decrease in inventories of S$0.1 million, offset by increase in trade and other receivables of S$1.2 million.

Cash flow used in investing activities for FY2019 Q2 was S$2.0 million, mainly due to purchase of property, plant and equipment.

Cash flow used in financing activities for FY2019 Q2 was S$1.8 million, mainly due to repayment of lease borrowings of S$0.2 million and payment of lease liabilities of S$2.5 million. This was offset by proceed from lease borrowings of S$0.9 million.

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

Not applicable. No forecast or prospect statement had been previously disclosed to shareholders for the current reporting period.

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 outlook of the Healthcare industry in Singapore for the coming months remains largely unchanged, with ageing populations in the region, a greater prevalence of chronic diseases, and rapid digitisation continuing to be the key factors for consideration in the healthcare ecosystem.

As demand continues to grow for more efficient and effective healthcare services, there is also heightened awareness and greater emphasis on adopting preventive healthcare measures. Building on our network of primary and specialist clinics across Singapore, we launched our first dedicated health screening centre, Healthway Screening @ Downtown (HSDT) in June 2019. With HSDT, Healthway Medical offers the full suite of medical services from health screenings to primary and specialist healthcare.

Our primary and specialist care units, along with the HSDT, will complement the government's efforts to provide more extensive care to Singapore's ageing population. The expanded Community Health Assist Scheme (CHAS), announced at the 2019 Budget address the importance of comprehensive healthcare to cover all Singaporeans, regardless income, for chronic conditions such as diabetes and osteoarthritis. The expanded CHAS scheme was announced in tandem with the Merdeka Generation Package, which is estimated to encompass 500,000 individuals[1].

Planned for its official roll-out in November 2019, Singaporeans born in the 1950s and earlier will be able to get subsidised treatment not just at polyclinics, but also at private clinics, for common illnesses, chronic health issues and a range of dental issues. This demonstrates a clear partnership between the public and private healthcare sectors in supporting needs the healthcare demands of the country.

To further ease the patient journey from health screening to primary and specialist care, the Company also believes strongly in a technologically-enhanced, integrated approach. Creating the necessary synergy to deliver seamless coordination and processes across each stage of a patient's healthcare journey empowers them to adopt a holistic approach to their own well-being, together with the personalised advice of medical professionals and state-of-the-art equipment.

With healthcare concerns unlikely to wane in the near future, the Company remains committed to the constant review and upgrading of existing and new services to serve the needs of our stakeholders.

11. If a decision regarding dividend has been made: -

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No dividends have been declared or recommended for the current reporting period.

(b)(i) Amount per share (cents)

[1] 'Substantial' Merdeka Generation Package to include some who missed out on Pioneer package: PM Lee (2019, February 3). Retrieved from: https://www.gov.sg/news/content/substantial-merdeka-generation-package

Not applicable.

(b)(ii) Previous corresponding period (cents)

Not applicable.

(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 the shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) Book closure date

Not applicable.

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

No dividends have been declared or recommended for the current financial period reported. The Company continues to be in an investment mode and hence the Company deemed appropriate to conserve funds for future growth opportunities.

13. If the Group has obtained a general mandate from shareholders for Interested Person Transactions (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 Company does not have a general mandate from its shareholders for Interested Person Transactions.

Pursuant to the Catalist Rules, there were no IPTs of S$100,000 or more entered into by the Group during FY2019 Q2.

14. Use of Proceeds from Tranche 2 of Convertible Notes ("T2 CN B")

The net proceeds from the issuance of T2 CN B, which was completed on 21 April 2017, was approximately S$59.8 million (after deducting estimated expenses of S$0.2 million) ("**T2 Net Proceeds**"). On 29 December 2017, the Company announced certain reallocation of the T2 Net Proceeds. Subsequent thereto, the Company had on 8 August 2018 regrouped the initial intended use of proceeds ("**Regrouping**") and reallocate the balance unutilised proceeds ("**Further Re-Allocation**"). On 2 July 2019, the Company has extended the intended use of proceeds to include the acquisition of other business supplementary or complementary to the existing business of the Group ("**Change in Use**"). As at 6 August 2019, the T2 Net proceeds have been utilised as follows:

Intended purposes after Regrouping and Change in Use	Amount allocated after Regrouping and Further Re-allocation (S$ million)	Amount utilised as at 6 August 2019 (S$ million)	Amount unutilised as at 6 August 2019 (S$ million)
Working capital	39.80	34.38[(1)]	5.42
Acquisition and	20.00	4.10	15.90

investment in GP and Specialist clinics and any other business supplementary or complementary to the existing business of the Group			
	59.80	**38.48**	**21.32**

Note:-

(1) Mainly for the repayment of loans, payment of salaries, payments to suppliers and renovation costs.

The utilisation was in accordance with the intended purposes stated following the Change in Use as stated in the Company's announcement dated 2 July 2019.

15. Confirmation pursuant to Rule 705(5) of the SGX-ST Listing Manual

The Board of Directors (the "**Board**") has confirmed that to the best of their knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial results for the quarter ended 30 June 2019 to be false or misleading in any material aspect.

16. Confirmation pursuant to Rule 720 (1) of the SGX-ST Listing Manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) pursuant to Rule 720 (1) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

BY ORDER OF THE BOARD

Raymond Lam
Company Secretary
06 August 2019

This announcement has been prepared by the Company and its contents 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 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.

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).