



TALKMED GROUP LIMITED
 (Company Registration No. 201324565Z)

FINANCIAL STATEMENT ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014.

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

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

1(a)(i) The Directors of TalkMed Group Limited (the “Company”) are pleased to announce the unaudited consolidated results of the Company and its subsidiary (collectively, the “Group”) for the third quarter and the nine months ended 30 September 2014 (“Q3 2014” and “YTD 2014” respectively).

	Q3 2014	Q3 2013	Increase /	YTD 2014	YTD 2013	Increase /
	\$'000	\$'000	(Decrease)	\$'000	\$'000	(Decrease)
	(Unaudited)	(Unaudited)	%	(Unaudited)	(Unaudited)	%
Revenue	15,585	14,315	8.9%	45,818	41,354	10.8%
Other items of income						
Other income	24	4	500.0%	85	8	962.5%
Other items of expense						
Employee benefits	(2,951)	(2,554)	15.5%	(9,488)	(7,827)	21.2%
Operating lease expenses	(182)	(78)	133.3%	(547)	(221)	147.5%
Other operating expenses	(799)	(1,527)	-47.7%	(1,514)	(4,228)	-64.2%
Profit before tax	11,677	10,160	14.9%	34,354	29,086	18.1%
Income tax expense	(2,108)	(1,765)	19.4%	(5,989)	(4,968)	20.6%
Profit for the year representing total comprehensive income for the year attributable to owners of the company	9,569	8,395	14.0%	28,365	24,118	17.6%

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

	Group					
	Q3 2014 \$'000 (Unaudited)	Q3 2013 \$'000 (Unaudited)	Increase / (Decrease) %	YTD 2014 \$'000 (Unaudited)	YTD 2013 \$'000 (Unaudited)	Increase / (Decrease) %
Depreciation of property, plant and equipment	8	-	N.M	24	-	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	
	30.9.2014 S\$'000 (Unaudited)	31.12.2013 S\$'000 (Audited)	30.9.2014 S\$'000 (Unaudited)	31.12.2013 S\$'000 (Audited)
ASSETS				
Non-current assets				
Plant and equipment	33	53	-	-
Investment in subsidiaries	-	-	2,313	2,312
	<u>33</u>	<u>53</u>	<u>2,313</u>	<u>2,312</u>
Current assets				
Trade and other receivables	7,021	7,474	29	519
Cash and cash equivalents	41,346	24,893	21,536	1
Amount due from subsidiary	-	-	10	-
	<u>48,367</u>	<u>32,367</u>	<u>21,575</u>	<u>520</u>
Total assets	<u>48,400</u>	<u>32,420</u>	<u>23,888</u>	<u>2,832</u>
EQUITY AND LIABILITIES				
Current liabilities				
Other payables	1,129	8,028	-	-
Accrued operating expense	757	4,478	34	2,026
Amount due to a subsidiary	-	-	-	1,293
Amount owing to related parties	-	21	-	-
Income tax payable	6,875	7,091	-	-
	<u>8,761</u>	<u>19,618</u>	<u>34</u>	<u>3,319</u>
Net current assets / (liabilities)	<u>39,606</u>	<u>12,749</u>	<u>21,541</u>	<u>(2,799)</u>
Net assets / (liabilities)	<u>39,639</u>	<u>12,802</u>	<u>23,854</u>	<u>(487)</u>
Equity attributable to owners of the Company				
Share capital	22,273	2,313	22,273	2,313
Merger reserve	(2,311)	(2,311)	-	-
Retained earnings	19,677	12,800	1,581	(2,800)
Total equity	<u>39,639</u>	<u>12,802</u>	<u>23,854</u>	<u>(487)</u>
Total equity and liabilities	<u>48,400</u>	<u>32,420</u>	<u>23,888</u>	<u>2,832</u>

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

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

None

(B) the amount repayable after one year:

None

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

None

(D) details of any collaterals.

None

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

	Q3 2014 \$'000 (Unaudited)	Q3 2013 \$'000 (Unaudited)	YTD 2014 \$'000 (Unaudited)	YTD 2013 \$'000 (Unaudited)
Cash Flows from Operating Activities				
Profit before tax	11,677	10,160	34,354	29,086
Adjustments for:				
Depreciation of property, plant and equipment	8	-	24	-
Interest income	(19)	-	(19)	-
Operating cash flows before working capital changes	11,666	10,160	34,359	29,086
<u>Changes in working capital</u>				
Decrease/(increase) in trade and other receivables	222	(9,108)	453	(11,282)
Increase/(decrease) in trade and other payables	(81)	459	(6,919)	282
Increase/(decrease) in accrued operating expenses	(266)	765	(3,723)	3,307
Net changes in working capital	(125)	(7,884)	(10,189)	(7,693)
Cash flows from operations	11,541	2,276	24,170	21,393
Interest received	19	-	19	-
Income tax paid	(2,659)	(3,513)	(6,204)	(7,025)
Net cash flows from / (used in) operating activities	8,901	(1,237)	17,985	14,368
Cash Flows from Investing Activities				
Purchase of plant and equipment	-	-	(4)	(2)
Net cash (used in) investing activities	-	-	(4)	(2)
Cash Flows from Financing Activities				
Dividends paid to shareholders	(13,997)	-	(21,488)	-
Dividends paid to the then existing shareholders of a subsidiary	-	(12,500)	-	(27,500)
Proceeds from share issuance at IPO	-	-	21,029	-
IPO share issue expenses	-	-	(1,069)	-
Net cash (used in) financing activities	(13,997)	(12,500)	(1,528)	(27,500)
Net (decrease) / increase in cash and cash equivalents	(5,096)	(13,737)	16,453	(13,134)
Cash and cash equivalents at beginning of the period	46,442	17,355	24,893	16,752
Cash and cash equivalents at end of the period	41,346	3,618	41,346	3,618

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

The Group (Unaudited)	Share capital \$'000	Merger reserves \$'000	Retained earnings \$'000	Total Equity \$'000
Balance at 1 January 2014	2,313	(2,311)	12,800	12,802
Proceeds from share issuance at IPO	21,029	-	-	21,029
IPO share issuance expenses	(1,069)	-	-	(1,069)
Total comprehensive income for the period	-	-	9,167	9,167
Balance at 31 March 2014	22,273	(2,311)	21,967	41,929
Total comprehensive income for the period	-	-	9,629	9,629
Dividends paid to shareholders	-	-	(7,491)	(7,491)
Balance at 30 June 2014	22,273	(2,311)	24,105	44,067
Total comprehensive income for the period	-	-	9,569	9,569
Dividends paid to shareholders	-	-	(13,997)	(13,997)
Balance at 30 September 2014	22,273	(2,311)	19,677	39,639
Balance at 1 January 2013	1	-	12,095	12,096
Total comprehensive income for the period	-	-	7,356	7,356
Dividends paid to the then existing shareholders of a subsidiary	-	-	(7,500)	(7,500)
Balance at 31 March 2013	1	-	11,951	11,952
Total comprehensive income for the period	-	-	8,367	8,367
Dividends paid to the then existing shareholders of a subsidiary	-	-	(7,500)	(7,500)
Balance at 30 June 2013	1	-	12,818	12,819
Total comprehensive income for the period	-	-	8,395	8,395
Dividends paid to the then existing shareholders of a subsidiary	-	-	(12,500)	(12,500)
Balance at 30 September 2013	1	-	8,713	8,714

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

The Company ¹ (Unaudited)	Share capital \$'000	Merger reserves \$'000	Retained earnings \$'000	Total Equity \$'000
Balance as at 1 January 2014	2,313	-	(2,800)	(487)
Proceeds from share issuance at IPO	21,029	-	-	21,029
IPO share issuance expenses	(1,069)	-	-	(1,069)
Total comprehensive income for the period	-	-	12,457	12,457
Balance at 31 March 2014	22,273	-	9,657	31,930
Total comprehensive income for the period	-	-	(212)	(212)
Dividends paid to shareholders	-	-	(7,491)	(7,491)
Balance at 30 June 2014	22,273	-	1,954	24,227
Total comprehensive income for the period	-	-	13,624	13,624
Dividends paid to shareholders	-	-	(13,997)	(13,997)
Balance at 30 September 2014	-	-	1,581	23,854

¹ There is no comprehensive income for the period and no dividends were paid to the shareholders during the period from the date of incorporation (i.e. 10 September 2013) to 30 September 2013.

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

	Number of ordinary shares	Issued and paid- up share capital \$
Ordinary shares as at 1 January 2014	552,000,000	2,313,356
Issuance of shares on 30 January 2014, net of share issuance expenses	105,143,000	19,959,628
Ordinary shares as at 30 September 2014	<u>657,143,000</u>	<u>22,272,984</u>

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	
	30.09.2014	31.12.2013
Total number of issued shares excluding treasury shares	657,143,000	552,000,000

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

There are no shares held as treasury shares as at 30 September 2014.

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

The results for Q3 2014 and YTD 2014 have not been audited nor reviewed by our auditors.

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

Not applicable.

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

Accounting policies and methods of computation used in the consolidated financial statements for the quarter are consistent with those applied in the financial statements for the year ended 31 December 2013.

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.

Not applicable

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

The Group	Q3 2014	Q3 2013	YTD 2014	YTD 2013
Profit attributable to owners of the company (\$'000)	9,569	8,395	28,365	24,118
Weighted average number of ordinary shares used in the computation of basic and diluted earnings per share	645,588,824	5,520	645,588,824	5,520
Basic and fully diluted earnings per share	1.48 cents	\$1,521	4.39 cents	\$4,369
Basic and fully diluted earnings per share adjusted for Restructuring Exercise and sub-division of shares pursuant to IPO ¹	1.48 cents	1.52 cents	4.39 cents	4.37 cents

Note:

¹ Earnings per share for Q3 2013 was computed after taking into account the 5,520 subscriber shares issued at incorporation and 551,994,480 shares issued in the Restructuring Exercise and subsequent sub-division of shares pursuant to the Company's IPO.

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	
	30.9.2014 (Unaudited)	31.12.2013 (Audited)	30.9.2014 (Unaudited)	31.12.2013 (Audited)
Net assets value (\$'000)	39,639	12,802	23,854	(487)
Net assets per ordinary share at end of financial period ¹ (cents)	6.03	2.32	3.63	(0.09)

Note:

¹ The calculation of net asset value per ordinary share was based on 657,143,000 shares as at 30 September 2014. (31 December 2013 : 552,000,000)

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) **any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Performance Review

Revenue

Revenue grew by \$1.27 million or 8.9% from \$14.32 million in Q3 2013 to \$15.59 million in Q3 2014. This was due to increase in patient visits and increase in revenue from patients requiring higher intensity care.

Other income

Other income grew by \$ 0.02 million in Q3 2014. This was due to interest received on fixed deposit.

Items of expense

Employee benefits

Employee benefits comprised remuneration paid to doctors, nurses as well as other medical and administrative support staff. These include salaries and wages, allowances, CPF contributions and staff benefits. Employee benefits increased by \$0.40 million or 15.5% from \$2.55 million in Q3 2013 to \$2.95 million in Q3 2014. The increase was mainly due to additional staff recruited to support growing business activities.

Operating lease expenses

Operating lease expenses increased by \$0.10 million or 133.3% from \$0.08 million in Q3 2013 to \$0.18 million in Q3 2014 as a result of 3 new operating leases that were effected in Q4 2013.

Other operating expenses

Other operating expenses comprised mainly audit fees, professional and legal fees, directors' fees, travelling and insurance expenses. Other operating expenses decreased by \$0.73 million or 47.7% from \$1.53 million in Q3 2013 to \$0.80 million in Q3 2014. This decrease was mainly due to professional fees accrued for in Q3 2013 in respect of restructuring of the Company in preparation for our listing.

Income Tax

Income tax expense increased by \$0.34 million or 19.4% from \$1.77 million in Q3 2013 to \$2.11 million in Q3 2014 due to higher profits in Q3 2014. The effective tax rate for Q3 2014 and Q3 2013 were 18.1% and 17.4%. respectively. The higher tax rate in Q3 2014 was due to higher non-tax deductible expenses incurred during this period.

Profit after tax

The Group recorded a profit after tax of \$9.57 million in Q3 2014 compared to \$8.40 million in Q3 2013. The increase of \$1.17 million or 14.0% was mainly due to higher revenue generated in Q3 2014 compared to Q3 2013.

Review of the Group's financial position

Current assets

Current assets comprised trade and other receivables and cash and cash equivalents. Current assets increased by \$16.00 million. The increase was mainly due to the increase in cash and cash equivalents from the IPO proceeds received.

Current liabilities

Current liabilities comprised other payables, accrued operating expenses and income tax payable. Current liabilities decreased by \$10.86 million. Other payables and accrued operating expenses decreased by \$10.64 million due to payment of professional fees incurred in connection with the Company's IPO exercise. Income tax payable decreased by \$0.22 million due to payment of 2013 income tax in 2014 offset by income tax provision in respect of the first three quarters of 2014.

Equity attributable to owners of the Company

The increase was mainly attributable to profits earned during the period and increase in the share capital pursuant to the company's IPO exercise.

Review of the Group's cash flow

Cash flows from operating activities

In Q3 2014, net cash flows from operating activities amounted to \$8.90 million. This comprised operating cash flows before working capital changes of \$11.67 million less decrease in working capital of \$0.12 million and income tax paid of \$2.65 million. The increase in working capital of \$0.12 million is mainly due to decreases in trade and other payables and accrued operating expenses of \$0.08 million and \$0.26 million respectively offset by decreases in trade and other receivables of \$0.22 million.

Cash flows from financing activities

Net cash used in financing activities was \$14.00 million for the payment of dividends to shareholders.

Net decrease in cash and cash equivalent

The above resulted in net decrease in cash and cash equivalents of \$5.10 million. Cash and cash equivalents totalled \$41.35 million as at 30 September 2014.

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

Not applicable

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

Our business is sustained to a large extent by the good economic performance of Singapore and countries in South East Asia. Continued economic stability of the region will enable the Group to maintain its level of profitability.

- 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.

(b) (i) Amount per share

Not applicable

(ii) Previous corresponding period

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 and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)

Not applicable.

(d) The date the dividend is payable

Not applicable.

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

Not applicable.

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

No dividend has been declared or recommended for Q3 2014.

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

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

14. Use of IPO proceeds

Pursuant to the IPO on 30 January 2014, the Company received net proceeds from the placement of new shares of \$17.3 million. The IPO proceeds have not been utilised as at the date of this announcement.

Use of proceeds from the IPO	Amount allocated \$'000	Amount Utilised \$'000	Amount Unutilised \$'000
Expanding repertoire of talent pool/healthcare services	10,381	-	10,381
Overseas expansion/improving quality of medical services	6,920	-	6,920
Total	17,301	-	17,301

15. Confirmation pursuant to Rule 705(5)

The Board of Directors hereby confirms that to the best of the knowledge, nothing has come to their attention which may render the unaudited interim financial statements of the Group and the Company for the period ended 30 September 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Ang Peng Tiam
Chief Executive Officer
11 November 2014

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Hong Leong Finance Limited (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.*

The contact person for the Sponsor is Ms Joan Ling, Senior Vice President, Head of Corporate Finance. Telephone number: (65) 6415 9885 Email: joanling@hlf.com.sg