

SINGAPORE MEDICAL GROUP LIMITED (Co. Reg. No.: 200503187W)
HALF YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT

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 (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

GROUP	30/06/2014	30/06/2013	Increase/ (Decrease)
	S\$'000	S\$'000	%
Revenue	13,194	11,858	11.3
Cost of sales	(8,734)	(8,391)	4.1
Gross profit	4,460	3,467	28.6
Other items of income			
Financial income	12	13	(7.7)
Other income	181	89	103.4
Other items of expense			
Distribution and selling expenses	(762)	(783)	(2.7)
Administrative expenses	(3,602)	(4,100)	(12.1)
Other expenses	(2)	(28)	(92.9)
Financial expenses	(33)	(162)	(79.6)
Share of results of joint venture entity	99	(172)	157.6
Profit/(loss) before tax	353	(1,676)	(121.1)
Income tax	16	(7)	(328.6)
Profit/ (loss) for the period, representing total comprehensive income for the period	369	(1,683)	(121.9)
Total comprehensive income attributable to:			
Owners of the parent	136	(1,644)	(108.3)
Non-controlling interests	233	(39)	(697.4)
	369	(1,683)	(114.7)

The profit/(loss) before tax is determined after charging/(crediting) the following:

	30/06/2014	30/06/2013	Increase/ (Decrease)
	S\$'000	S\$'000	%
Depreciation and amortisation	574	528	8.7
Operating lease expenses	1,373	1,841	(25.4)
Personnel expenses [Note (a)]	4,088	4,640	(11.9)
Gains on disposal of property, plant and equipment	58	-	N.M.
Gain on disposal of joint venture entity	99	-	N.M.

Note (a): This amount includes directors' remuneration and remuneration of key management personnel

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.

	<u>Group</u>		<u>Company</u>	
	30/06/14 S\$'000	31/12/13 S\$'000	30/06/14 S\$'000	31/12/13 S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	2,039	2,979	64	119
Investment in subsidiaries	-	-	2,782	842
Investment in joint venture entity	467	351	467	-
Other receivables	392	392	392	392
Deferred tax assets	224	199	-	-
	<u>3,122</u>	<u>3,921</u>	<u>3,705</u>	<u>1,353</u>
Current assets				
Inventories	828	758	-	-
Trade receivables	977	645	-	-
Prepayments	204	244	94	179
Other receivables	387	503	288	378
Due from related parties (non-trade)	-	-	6,140	5,743
Cash and cash equivalents	3,701	4,573	1,446	2,802
	<u>6,097</u>	<u>6,723</u>	<u>7,968</u>	<u>9,102</u>
Total assets	<u>9,219</u>	<u>10,644</u>	<u>11,673</u>	<u>10,455</u>
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	1,558	1,473	-	-
Other payables and accruals	2,555	2,505	845	679
Due to related companies (non-trade)	-	-	3,766	2,779
Obligations under finance leases	46	129	24	107
Redeemable convertible preference shares	-	7,124	-	7,124
Loans and borrowings	609	2,031	609	2,031
Income tax payable	178	126	-	-
	<u>4,946</u>	<u>13,388</u>	<u>5,244</u>	<u>12,720</u>
Non-current liabilities				
Obligations under finance leases	16	27	-	-
Loans and borrowings	1,035	57	1,035	57
Other accrual	186	186	15	15
Deferred tax liabilities	117	158	-	-
	<u>1,354</u>	<u>428</u>	<u>1,050</u>	<u>72</u>
Total liabilities	<u>6,300</u>	<u>13,816</u>	<u>6,294</u>	<u>12,792</u>
Net assets	<u>2,919</u>	<u>(3,172)</u>	<u>5,379</u>	<u>(2,337)</u>
<u>Equity attributable to owners of the Parent</u>				
Share capital	10,871	2,594	10,871	2,594
Retained earnings	(8,395)	(7,186)	(5,492)	(5,302)
Equity component of convertible preference shares	-	371	-	371
	<u>2,476</u>	<u>(4,221)</u>	<u>5,379</u>	<u>(2,337)</u>
Non-controlling interests	443	1,049	-	-
Total equity	<u>2,919</u>	<u>(3,172)</u>	<u>5,379</u>	<u>(2,337)</u>
Total equity and liabilities	<u>9,219</u>	<u>10,644</u>	<u>11,673</u>	<u>10,455</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

As at 30/06/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
46	609	129	9,155

Amount repayable after one year

As at 30/06/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
16	1,035	27	57

Details of any collateralObligations under finance leases

Obligations under finance leases amounting to \$62,000 (31 December 2013: \$156,000) are secured by the Group's medical equipment with carrying amount of approximately \$108,000 (31 December 2013: \$838,000).

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

	<u>30/06/14</u>	<u>30/06/13</u>
	S\$'000	S\$'000
Profit/(loss) before tax	353	(1,676)
Adjustments for:		
Depreciation of property, plant and equipment	574	528
Interest income	(12)	(13)
Interest expense	33	162
Gain on disposal of joint venture entity	(99)	0
Gain on disposal of property, plant and equipment	(58)	0
Share of results of joint venture entity	0	172
Total adjustments	438	849
Operating cash flow before changes in working capital	791	(827)
Change in working capital		
Decrease/(increase) in:		
Inventories	(70)	19
Trade and other receivables	(216)	958
Prepayments	40	30
Increase/(decrease) in:		
Trade payables	86	(25)
Other payables and accruals	31	(819)
Total change in working capital	(129)	163
Cash flows generated from/(used in) operations	662	(664)
Interest received	12	13
Interest paid	(33)	(51)
Income taxes paid (net)	(27)	(185)
Net cash flows generated from/(used in) operating activities	614	(887)
Cash flows from investing activities		
Purchase of property, plant and equipment	(367)	(19)
Investment in joint venture entity	(467)	(1,678)
Acquisition of non-controlling interests	(1,040)	0
Proceeds from disposal of property, plant and equipment	792	0
Proceeds from disposal of a joint venture entity	450	0
Net cash flows used in investing activities	(632)	(1,697)
Cash flows from financing activities		
Dividends paid to non-controlling interests	(198)	0
Proceeds from rights issues	7,377	0
Proceeds from loans and borrowings	1,500	66
Redemption of RCPS	(7,495)	0
Repayment of loans and borrowings	(1,944)	(275)
Repayment under finance leases	(94)	(170)
Net cash flows used in financing activities	(854)	(379)
Net decrease in cash and cash equivalents	(872)	(2,963)
Cash and cash equivalents at the beginning of financial period	4,573	7,092
Cash and cash equivalents at the end of financial period	3,701	4,129

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

	<u>30/06/14</u> S\$'000	<u>30/06/13</u> S\$'000
Cash at bank	3,701	4,625
Less: bank overdraft	0	(496)
	<u>3,701</u>	<u>4,129</u>
 Cash at bank represented by:		
Restricted cash **	0	3,137
Unrestricted cash	3,701	1,488
	<u>3,701</u>	<u>4,625</u>

*** Nil (30 June 2013: \$2,513,000) of the cash is restricted for use as capital for the expansion of the Group's businesses into China (excluding Hong Kong, Macau and Taiwan) and nil (30 June 2013: \$624,000) of the cash is restricted for use as expenses of the Company to support such expansion in accordance with the redeemable convertible preference shares agreement.*

Following the redemption of the convertible preference shares on 28 February 2014, the restricted cash has been fully released.

\$806,000 of the cash at bank is proceeds received from the Right Issue. There was no utilization of the Right Issue proceeds during the period from 29 April 2014 until the date of this announcement.

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

GROUP

	Share capital S\$'000	Retained earnings S\$'000	Equity component of convertible preference shares S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
Balance at 1 January 2014	2,594	(7,186)	371	1,049	(3,172)
Total comprehensive income for the period	-	136	-	233	369
Dividends on ordinary shares	-	-	-	(198)	(198)
De-recognising of equity component of RCPS	-	-	(371)	-	(371)
Increase in share capital	7,377	-	-	-	7,377
Acquisition of interests in subsidiaries from non-controlling interests	900	(1,345)	-	(641)	(1,086)
Balance at 30 June 2014	10,871	(8,395)	-	443	2,919
Balance at 1 January 2013	2,594	(878)	371	1,137	3,224
Total comprehensive income for the period	-	(1,644)	-	(39)	(1,683)
Acquisition of interests in subsidiaries by/ from non-controlling interests	-	216	-	(216)	-
Balance at 30 June 2013	2,594	(2,306)	371	882	1,541

COMPANY

	Share capital S\$'000	Retained earnings S\$'000	Equity component of RCPS S\$'000	Total equity S\$'000
Balance at 1 January 2014	2,594	(5,302)	371	(2,337)
Total comprehensive income for the period	-	(190)	-	(190)
De-recognising of equity component of RCPS	-	-	(371)	(371)
Increase in share capital	7,377	-	-	7,377
Acquisition of interests in subsidiaries from non-controlling interests	900	-	-	900
Balance at 30 June 2014	10,871	(5,492)	-	5,379
Balance at 1 January 2013	2,594	1,089	371	4,054
Total comprehensive income for the period	-	44	-	44
Balance at 30 June 2013	2,594	1,133	371	4,098

- 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.

	2014		2013	
	No. of shares '000	\$'000	No. of shares '000	\$'000
<u>Issued and fully paid ordinary shares</u>				
At 1 January	145,736	2,594	145,736	2,594
Issued for Right Issue (note 1)	72,868	7,651	-	-
Share issuance expense (note 1)	-	(274)	-	-
Issued for acquisition of non-controlling interest in a subsidiary (note 2)	5,360	900	-	-
At 30 June	223,964	10,871	145,736	2,594

Note 1

The Company had on 13 January 2014 lodged an Offer Information Statement with Singapore Exchange Securities Trading Limited (the "SGX-ST"), acting as agent on behalf of the Monetary Authority of Singapore, for the renounceable non-underwritten rights issue of up to 72,868,000 new ordinary shares in the issue share capital of the Company, at an issue price of S\$0.105 for each rights share, on the basis of one (1) rights share for every two (2) existing ordinary shares in the issued share capital of the Company held by entitled shareholders as at the books closure date (the "Rights Issue"). Following the allotment and issuance of the right shares pursuant to the Rights Issue on 5 February 2014, the Company received a net proceed of \$7.4 million. The number of issue shares of the Company has increased from 145,736,000 to 218,604,000.

Note 2

The Company had on 19 May 2014 issued 5,360,000 shares to Dr Wong Seng Weng pursuant to the sale and purchase agreement dated 7 May 2014 between the Company and Dr Wong Seng Weng to acquire additional 20% equity interest in Cancer Center Pte Ltd. Upon the completion of the acquisition, Cancer Center Pte Ltd became an 80% owned subsidiary of the Company.

The Company had on 6 June 2012 ("Completion Date") issued 25,516,644 cumulative redeemable convertible preference shares ("RCPS") to Kendall Court Vision Pte Ltd at an issue price of S\$0.219 per RCPS for a total subscription amount of S\$5,588,145.04. Each RCPS shall be convertible into one ordinary share in the capital of the Company at any time for a period of 6.5 calendar years from the Completion Date. Other key features and terms of the RCPS can be found in the circular issued by the Company on 28 March 2012. The RCPS has been fully redeemed on 28 February 2014.

Save as disclosed above, there were no other outstanding options and convertibles as at 30 June 2014 (30 June 2013: Nil)

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

	<u>As at</u> <u>30/6/2014</u>	<u>As at</u> <u>31/12/2013</u>
Total number of issued shares (excluding treasury shares)	<u>223,964,000</u>	<u>145,736,000</u>

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

Not applicable. The Company did not have treasury shares 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 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 paragraph 5, the accounting policies and methods of computation adopted in the financial statements for the current financial period reported on have been consistently applied by the Group and the Company and are consistent with the audited financial statements for the financial year ended 31 December 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.

The Group has adopted all the applicable new and revised Financial Reporting Standards ("FRS") and Interpretations of Financial Reporting Standards ("INT FRS") which became effective for the accounting periods beginning on or after 1 January 2014. The adoption of these new and revised FRS and INT FRS are currently assessed to have no material financial impact on the Group's financial statements for the current financial period reported on.

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

	Group	
	30/06/2014	30/06/2013
Net profit/(loss) attributable to the owners of the Company (\$'000)	136	(1,644)
Earnings/(loss) per share (cents per share)		
Basic	0.07	(1.13)
Diluted	0.06	(1.13)

The basic earnings per share for the financial period 30 June 2014 is calculated by dividing the net profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue of 209,036,548. The diluted earnings per share for the financial period 30 June 2014 is calculated by dividing the net profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue of 217,354,128. The weighted average number of ordinary shares for diluted earnings per share computation has taken into consideration of the share options granted to the Redeemable Convertible Preference Shares holder prior to the redemption.

The basic and diluted loss per share for the financial period 30 June 2013 is calculated by dividing the net loss for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue of 145,736,000. Share options granted to the Redeemable Convertible Preference Shares holder have not been included in the calculation of diluted earnings per share because they are anti-dilutive. The basic and diluted loss per share are the same as there were no potential dilutive ordinary shares as at 30 June 2013.

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	
	<u>30/06/2014</u>	<u>31/12/2013</u>	<u>30/06/2013</u>	<u>31/12/2012</u>
Net asset value per ordinary share (cents)	1.1	(2.9)	2.4	(1.6)

Net asset value per ordinary share as at 30 June 2014 is calculated based on 223,964,000 ordinary shares outstanding as at 30 June 2014.

Net asset value per ordinary share as at 31 December 2013 is calculated based on 145,736,000 ordinary shares outstanding as at 31 December 2013.

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 revenue, 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.

Income statement

The Group recorded total revenue of \$13.2 million for the 6 months period ended 30 June 2014 ("1H 2014"), representing an increase of 11.3% or \$1.3 million compared to the 6 months period ended 30 June 2013 ("1H 2013"). The increase was due mainly to the increase in revenue of Health segment by \$2.4m and offset by the decrease in Aesthetics segment by \$1.2m.

The Health segment mainly comprises specialist medical services such as oncology, obstetrics and gynaecology, orthopaedics, general ophthalmology, urology, neurosurgery, general surgery and health screening. The Aesthetics segment mainly comprises medical services such as reflective surgery, dental, aesthetic medicine and VASER-assisted LipoSelection.

Gross profit increased by 28.6% or \$1.0 million from \$3.5 million for 1H 2013 to \$4.5 million for 1H 2014 due mainly to the decrease in rental expenses.

Other income increased by 103.4% or \$0.1 million from \$0.1 million for 1H 2013 to \$0.2 million for 1H 2014 due mainly to the gains on disposal of property, plant and equipment and the wage credit scheme payout received from the government.

Administrative expenses declined by 12.1% from \$4.1 million for 1H 2013 to \$3.6 million as part of the cost control measures for 1H 2014.

Financial expenses decreased by 79.6% or \$0.1 million in 1H 2014 compared to 1H 2013 due to the redemption of the RCPS on 28 February 2014.

The China joint venture entity was disposed in April 2014, the profit of \$0.1 million represents gain from the disposal.

Income tax credit was due to tax refund received from IRAS upon finalisation of tax computation and reversal of deferred tax liabilities partially offset by the tax expenses incurred on profits generating subsidiaries.

Overall the Group achieved a net profit of \$0.4 million for 1H 2014 compared to a net loss of \$1.7 million in 1H 2013.

Consolidated balance sheet

Non-current assets decreased by \$0.8 million to \$3.1 million as at 30 June 2014 from \$3.9 million as at 31 December 2013, due mainly to the disposal of various ophthalmology equipment in January 2014. The investment in joint venture entity increase by \$0.1 million to \$0.5 million as at 30 June due mainly to the 40% investment in PT Ciputra SMG offset by the disposal of the China joint venture entity during the period.

Current assets decreased by \$0.6 million to \$6.1 million as at 30 June 2014 from \$6.7 million as at 31 December 2014, due mainly to decrease in cash and cash equivalents by \$0.9 million, the decrease in other receivables and prepayments of approximately \$0.2 million and offset partially by the increase in trade receivables by \$0.3 million and the increase in inventories by \$0.1 million.

Current liabilities decreased by \$8.4 million to \$4.9 million as at 30 June 2014, mainly due to the redemption of the RCPS amounted to \$7.1 million and the repayment of current loans and borrowings of approximately \$1.4 million. The loan facilities with RHB Bank and May Bank of \$1.5 million as stated in the Company's announcements dated 24 December 2013 and 28 February 2014 have been fully repaid during the financial period.

Non-current liabilities increased by \$0.9 million to \$1.3 million as at 30 June 2014 from \$0.4 million as at 31 December 2013 due mainly to a 3 years term loan of \$1.5 million secured during the financial period.

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

Cash flow statement

The Group reported net cash inflow from operating activities of \$0.6 million for 1H 2014 as compared to net cash outflow from operating activities of \$0.9 million due mainly to the positive operating cash flow before changes in working capital was generated for the period amounted to \$0.8 million and partially offset by working capital changes of approximately \$0.1 million.

Net cash flows used in investing activities of \$0.6 million mainly attributed to the acquisitions of property, plant and equipment, capital contributed for the 40% equity interest in the Ciputra-SMG joint venture, acquisitions of additional equity interests in the existing subsidiaries from the non-controlling interests and offset by the proceeds received from the disposal of property, plant and equipment and the China joint venture entity.

Net cash flows used in financing activities of \$0.9 million due mainly to proceeds received from the right issue and term loan secured during the period and offset by the redemption of RCPS and repayments of loans and borrowings.

Cash and cash equivalents ended at \$3.7 million as at 30 June 2014, compared to \$4.1 million as at 30 June 2013.

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 has been previously issued to the shareholders.

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

While the private healthcare industry in Singapore remains competitive the next 12 months, the Group is pleased with the overall progress made so far and is cautiously optimistic moving forward.

The Group will continue to invest and grow its existing business verticals and introduce new and relevant medical technologies when opportunities arise locally or in overseas markets. It needs to expand its breadth of medical specialties and services by bringing on board new medical specialists, and develop partnerships and business ventures to complement its current offerings. This would strengthen the business model of the Group.

The Group's performance in the next 12 months will include the results of the following businesses:

(1) The new joint venture with Ciputra Group, with Ciputra SMG Eye Clinic slated to operate in Q4 2014;

(2) The new Primary Healthcare service in Raffles Place that is scheduled to open in Q4 2014,

(3) The introduction of ReLEx® SMILE, the new laser vision correction procedure in Singapore private healthcare sector as a result of SMG's partnership with ZEISS Southeast Asia announced on 22 July 2014.

11. Dividend

(a) Current Financial Period Reported On

No dividend has been declared or recommended for the current financial period.

(b) Corresponding Period of the Immediately Preceding Financial Year

No dividend has been declared or recommended for the corresponding period of the immediately preceding financial year.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended for the six month financial period ended 30 June 2014.

13. Interested person transactions

The Group does not have a general mandate for recurrent interested person transactions.

There were no interested person transactions entered into during the current financial period reported on that is more than S\$100,000.00.

14. Requirement under Rule 705(5) of the Listing Manual

The Board of Directors confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited financial results of the Group for the six months ended 30 June 2014 presented in this announcement, to be false or misleading in any material aspect.

Tony Tan Choon Keat
Non-executive Chairman and Director

Dr Beng Teck Liang
Chief Executive Officer and Director

BY ORDER OF THE BOARD

Dr Beng Teck Liang
Executive Director and Chief Executive Officer
14 August 2014

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor (the "Sponsor"), Asian Corporate Advisors Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "Exchange"). The Sponsor has not independently verified the contents of this announcement, including the correctness of any of the figures used, statements or opinions made.

This announcement has not been examined or approved by the Exchange and the Exchange 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 Mr. Liao H.K.
Telephone number: 6221 0271*