



SINGAPORE MEDICAL GROUP LIMITED (Co. Reg. No.: 200503187W)

HALF YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT

PART 1 - 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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER AND HALF-YEAR ENDED 30 JUNE 2018

	Second quarter			Half-year		
	30/06/2018	30/06/2017	Increase/ (decrease)	30/06/2018	30/06/2017	Increase/ (decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	21,595	16,630	29.9	40,824	30,663	33.1
Cost of sales	(11,915)	(9,406)	26.7	(22,227)	(17,375)	27.9
Gross profit	9,680	7,224	34.0	18,597	13,288	40.0
Other items of income						
Financial income	9	1	800.0	29	5	480.0
Other income	252	80	215.0	325	171	90.1
Other items of expense						
Distribution and selling expenses	(913)	(720)	26.8	(1,666)	(1,370)	21.6
Administrative expenses	(4,850)	(3,506)	38.3	(9,098)	(7,164)	27.0
Financial expenses	(279)	(154)	81.2	(515)	(226)	127.9
Share of results of joint ventures and associate	15	(114)	N.M	3	(162)	N.M
Profit before tax	3,914	2,811	39.2	7,675	4,542	69.0
Income tax expense	(536)	(278)	92.8	(765)	(489)	56.4
Profit for the period	3,378	2,533	33.4	6,910	4,053	70.5
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation	52	(63)	N.M	(223)	(63)	254.0
Total comprehensive income for the period	3,430	2,470	38.9	6,687	3,990	67.6
Profit attributable to:						
Owners of the Company	3,406	2,580	32.0	6,827	4,012	70.2
Non-controlling interests	(28)	(47)	(40.4)	83	41	102.4
	3,378	2,533	33.4	6,910	4,053	70.5
Total comprehensive income attributable to:						
Owners of the Company	3,458	2,517	37.4	6,604	3,949	67.2
Non-controlling interests	(28)	(47)	(40.4)	83	41	102.4
	3,430	2,470	38.9	6,687	3,990	67.6

N.M: Not meaningful

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

	<u>Second quarter</u>			<u>Half-year</u>		
	<u>30/06/2018</u>	<u>30/06/2017</u>	<u>Increase/ (decrease)</u>	<u>30/06/2018</u>	<u>30/06/2017</u>	<u>Increase/ (decrease)</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Depreciation and amortisation	1,100	612	79.7	2,045	1,141	79.2
Operating lease expenses	1,218	1,044	16.7	2,403	2,057	16.8
Personnel expenses	5,114	3,941	29.8	9,276	8,106	14.4
Share-based compensation expense	58	94	(38.3)	115	196	(41.3)
Gain on disposal of property, plant and equipment	(28)	(54)	(48.1)	(24)	(54)	(55.6)
Reversal of impairment loss on investment in joint venture	(167)	-	100.0	(167)	-	100.0

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>	
	<u>30/06/2018</u>	<u>31/12/2017</u>	<u>30/06/2018</u>	<u>31/12/2017</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
ASSETS				
Non-current assets				
Property, plant and equipment	15,114	13,506	2,654	1,922
Intangible assets ¹	125,589	119,199	-	-
Investment in subsidiaries	-	-	23,010	17,813
Investment in joint ventures and associate	7,524	1,532	8,502	1,840
Other receivables	2,029	1,495	1,344	1,082
Deferred tax assets	911	1,039	170	170
	<u>151,167</u>	<u>136,771</u>	<u>35,680</u>	<u>22,827</u>
Current assets				
Inventories	1,767	1,521	-	-
Trade receivables	5,483	4,749	-	-
Prepayments	1,360	1,142	820	691
Other receivables	962	2,122	56	1,137
Due from related companies	-	-	88,836	79,401
Cash and cash equivalents	14,319	21,326	3,319	8,772
	<u>23,891</u>	<u>30,860</u>	<u>93,031</u>	<u>90,001</u>
Total assets	<u>175,058</u>	<u>167,631</u>	<u>128,711</u>	<u>112,828</u>
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	2,376	1,912	2	2
Other payables and accruals	9,332	9,241	484	1,103
Deferred purchase consideration	18,247	17,379	1,000	-
Due to related companies	-	-	17,708	8,156
Obligations under finance leases	1,561	883	283	-
Loans and borrowings	5,701	2,327	1,865	359
Income tax payable	1,664	1,776	-	-
	<u>38,881</u>	<u>33,518</u>	<u>21,342</u>	<u>9,620</u>
Net current (liabilities)/assets	(14,990)	(2,658)	71,689	80,381
Non-current liabilities				
Other payables	-	1,428	-	-
Deferred purchase consideration	4,853	15,668	-	-
Obligations under finance leases	2,297	897	495	-
Loans and borrowings	10,516	7,375	30	214
Provisions	309	309	15	15
Deferred tax liabilities	103	103	-	-
	<u>18,078</u>	<u>25,780</u>	<u>540</u>	<u>229</u>
Total liabilities	<u>56,959</u>	<u>59,298</u>	<u>21,882</u>	<u>9,849</u>
Net assets	<u>118,099</u>	<u>108,333</u>	<u>106,829</u>	<u>102,979</u>

	<u>Group</u>		<u>Company</u>	
	30/06/2018 S\$'000	31/12/2017 S\$'000	30/06/2018 S\$'000	31/12/2017 S\$'000
<u>Equity attributable to owners of the Company</u>				
Share capital	111,939	108,738	111,939	108,738
Share option reserve	641	526	641	526
Foreign currency translation reserve	(335)	(112)	-	-
Accumulated profits/(losses)	5,958	(869)	(5,751)	(6,285)
	118,203	108,283	106,829	102,979
Non-controlling interests	(104)	50	-	-
Total equity	118,099	108,333	106,829	102,979
Total equity and liabilities	175,058	167,631	128,711	112,828

¹ The Group is still in the process of completing the purchase price allocation on the acquisition of Babies and Children Specialist Clinic Pte. Ltd. and Pheniks Pte. Ltd. and the goodwill arising from these acquisitions of S\$13,997,000 is subject to change.

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

At 30/06/2018		At 31/12/2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
5,147	2,115	2,851	359

Amount repayable after one year

At 30/06/2018		At 31/12/2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
12,376	437	8,058	214

Details of any collateral

Loans and borrowings

Loans and borrowings amounting to S\$13,665,000 (31/12/2017: S\$9,129,000) are secured by: (i) a charge over the share capital of 8 wholly-owned subsidiaries; (ii) an assignment of the sale and purchase agreements and the Deed of Profit Guarantee in relation to the Astra Companies¹; (iii) a first fixed charge over the consultancy agreements of certain doctors of the Group; (iv) a fixed and floating charge on all assets of the Astra Companies; and (v) corporate guarantee taken by 2 subsidiaries of the Group.

¹ Astra Companies comprise Astra Women's Specialists (WB) Pte. Ltd., The Women's Specialist Centre (HC) Pte. Ltd., Fong's Clinic Pte. Ltd., Astra Centre for Women & Fertility Pte. Ltd., Astra Women's Specialists (JL) Pte. Ltd., TCK@Novena Pte. Ltd. and Alpha Healthcare International Pte. Ltd.

Obligations under finance leases

Obligations under finance leases amounting to S\$3,858,000 (31/12/2017: S\$1,780,000) are secured by the Group's medical equipment with carrying amount of approximately S\$5,682,000 (31/12/2017: S\$2,958,000).

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>Second quarter</u>		<u>Half-year</u>	
	<u>30/06/2018</u>	<u>30/06/2017</u>	<u>30/06/2018</u>	<u>30/06/2017</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Profit before tax	3,914	2,811	7,675	4,542
<u>Adjustments for:</u>				
Depreciation of property, plant and equipment	1,100	612	2,045	1,141
Interest income	(9)	(1)	(29)	(5)
Interest expense	206	143	363	211
Amortisation of loan costs	12	11	23	15
Accretion of interest on deferred purchase consideration	61	-	129	-
Gain on disposal of property, plant and equipment	(28)	(54)	(24)	(54)
Reversal of impairment loss on investment in joint venture	(167)	-	(167)	-
Share-based compensation expense	58	94	115	196
Share of results of joint venture and associate	(15)	114	(3)	162
Total adjustments	1,218	919	2,452	1,666
Operating profit before working capital change	5,132	3,730	10,127	6,208
<u>Change in working capital</u>				
(Increase)/decrease in:				
Inventories	(240)	(218)	(141)	(245)
Trade and other receivables	1,061	(779)	153	(1,561)
Prepayments	42	(424)	(77)	(495)
Increase/(decrease) in:				
Trade payables	109	(141)	377	64
Other payables and accruals	(816)	(619)	(2,142)	389
Total change in working capital	156	(2,181)	(1,830)	(1,848)
Cash flow generated from operations	5,288	1,549	8,297	4,360
Interest received	9	1	29	5
Interest paid	(200)	(143)	(350)	(211)
Income taxes paid	(548)	(69)	(749)	(190)
Net cash flows generated from operating activities	4,549	1,338	7,227	3,964
Cash flows from investing activities				
Purchase of property, plant and equipment	(1,383)	(630)	(2,618)	(689)
Proceeds from sale of property, plant and equipment	-	77	60	77
Net cash outflow on acquisition of subsidiaries	(356)	-	(11,356)	(11,000)
Investment in associate	-	-	(5,818)	-
Investment in joint venture	-	(54)	-	(104)
Convertible loan to a joint venture	(306)	-	(306)	-
Net cash flows used in investing activities	(2,045)	(607)	(20,038)	(11,716)

	<u>Second quarter</u>		<u>Half-year</u>	
	<u>30/06/2018</u>	<u>30/06/2017</u>	<u>30/06/2018</u>	<u>30/06/2017</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Cash flows from financing activities				
Dividend paid to non-controlling interests	-	(226)	-	(226)
Proceeds from issuance of shares	-	525	212	15,525
Share issuance expenses	(8)	(34)	(8)	(223)
Proceeds from loans and borrowings	244	-	8,100	10,900
Repayment of loans and borrowings	(893)	(394)	(1,621)	(1,075)
Repayment under finance leases	(530)	(374)	(879)	(625)
Net cash flows (used in)/generated from financing activities	(1,187)	(503)	5,804	24,276
Net increase/(decrease) in cash and cash equivalents	1,317	228	(7,007)	16,524
Cash and cash equivalents at the beginning of financial period	12,977	24,095	21,301	7,799
Cash and cash equivalents at the end of financial period	14,294	24,323	14,294	24,323

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

	<u>Second quarter</u>		<u>Half-year</u>	
	<u>30/06/2018</u>	<u>30/6/2017</u>	<u>30/06/2018</u>	<u>30/6/2017</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Cash and cash equivalents as stated in the consolidated statement of financial position	14,319	24,348	14,319	24,348
Less: Deposit pledged for bank facility	(25)	(25)	(25)	(25)
Cash and cash equivalents as stated in the consolidated statement of cash flows	14,294	24,323	14,294	24,323

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	Attributable to owners of the Company					Non-controlling interests	Total equity
	Share capital	Share option reserve	Foreign currency translation reserve	Accumulated profits/ (losses)	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		
At 1 January 2018	108,738	526	(112)	(869)	108,283	50	108,333
Profit for the period	-	-	-	6,827	6,827	83	6,910
Foreign currency translation differences	-	-	(223)	-	(223)	-	(223)
Total comprehensive income for the period	-	-	(223)	6,827	6,604	83	6,687
Issue of shares	212	-	-	-	212	-	212
Share issuance expenses	(8)	-	-	-	(8)	-	(8)
Share-based compensation expense	-	115	-	-	115	-	115
Acquisition of subsidiary	2,997	-	-	-	2,997	(237)	2,760
At 30 June 2018	111,939	641	(335)	5,958	118,203	(104)	118,099
At 1 January 2017	29,197	325	(19)	(6,216)	23,287	639	23,926
Profit for the period	-	-	-	4,012	4,012	41	4,053
Foreign currency translation differences	-	-	(63)	-	(63)	-	(63)
Total comprehensive income for the period	-	-	(63)	4,012	3,949	41	3,990
Issue of shares	15,525	-	-	-	15,525	-	15,525
Share issuance expenses	(223)	-	-	-	(223)	-	(223)
Share-based compensation expense	-	196	-	-	196	-	196
Acquisition of subsidiaries	42,583	-	-	-	42,583	-	42,583
Dividend on ordinary shares	-	-	-	-	-	(226)	(226)
At 30 June 2017	87,082	521	(82)	(2,204)	85,317	454	85,771

<u>Company</u>	Share capital	Share option reserve	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2018	108,738	526	(6,285)	102,979
Total comprehensive income for the period	-	-	534	534
Issue of shares	212	-	-	212
Share issuance expenses	(8)	-	-	(8)
Share-based compensation expense	-	115	-	115
Acquisition of subsidiary	2,997	-	-	2,997
At 30 June 2018	111,939	641	(5,751)	106,829
At 1 January 2017	29,197	325	(6,965)	22,557
Total comprehensive income for the period	-	-	359	359
Issue of shares	15,525	-	-	15,525
Share issuance expenses	(223)	-	-	(223)
Share-based compensation expense	-	196	-	196
Acquisition of subsidiaries	42,583	-	-	42,583
At 30 June 2017	87,082	521	(6,606)	80,997

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.

Share capital

	2018		2017	
	No. of shares '000	S\$'000	No. of shares '000	S\$'000
<u>Issued and fully paid ordinary shares</u>				
At 1 April	460,116	108,950	422,143	86,591
Issued for acquisition of subsidiary (note 1)	6,055	2,997	-	-
Share issuance expenses (note 2)	-	(8)	-	(34)
Issued upon exercise of share options (note 3)	-	-	3,034	525
At 30 June	466,171	111,939	425,177	87,082

Note 1

The Company had on 23 April 2018 issued a total of 6,055,364 ordinary shares to 2 individuals, pursuant to the sale and purchase agreement dated 22 March 2018 between the Company and the 2 individuals, to acquire 85% equity interest in Pheniks Pte. Ltd. ("Pheniks"). Upon the completion of the acquisition, Pheniks became an 85% owned subsidiary of the Company.

Note 2

The share issuance expenses were incurred for the issuance of shares for acquisition of subsidiary (refer to note 1). The share issuance expenses in the prior period were incurred for the same purpose as a result of the acquisition of the Astra Companies in February 2017.

Note 3

The Company had on 26 May 2017 issued 3,034,000 ordinary shares following the exercise of share options under the SMG Share Option Scheme.

Reference is made to the announcements dated 1 March 2018, 9 May 2018, 6 June 2018, 18 June 2018, 10 July 2018 and 11 July 2018 as well as the Offer Information Statement dated 18 June 2018 with regards to the proposed renounceable non-underwritten rights issue of up to 23,341,800 new ordinary shares in the issued share capital of the Company, at an issue price of S\$0.48 for each rights share, on the basis of one rights share for every twenty existing ordinary shares in the issued share capital of the Company held by entitled shareholders (the "**Rights Issue**"). Following the completion of the Rights Issue on 10 July 2018, the share capital of the Company has increased from S\$111.9 million to S\$118.6 million and the total number of issued shares has increased from 466,171,036 shares to 480,426,635 shares.

Share Option

The SMG Share Option Scheme ("**SSOS**") was approved by the shareholders at the Extraordinary General Meeting on 30 April 2014. During the second quarter ended 30 June 2018, the Company granted a total of 5,380,000 (Second quarter ended 30/06/2017: 765,000) share options to employees under the SSOS and released the announcement via SGXNET on 30 April 2018. As at 30 June 2018, the number of shares that may be issued on conversion of all the outstanding share options were 11,160,000 (30/06/2017: 8,135,000).

The movement of share options of the Company during the financial period from April to June 2018 is as follows:

Date of grant of options	Exercise price per share	Options outstanding at	Options granted	Options exercised	Options forfeited/ expired	Options outstanding at	Expiry date
		01/04/2018				30/06/2018	
10/07/2015	S\$0.145	225,000	-	-	-	225,000	09/07/2020
22/09/2016	S\$0.303	4,880,000	-	-	-	4,880,000	21/09/2021
03/04/2017	S\$0.545	675,000	-	-	-	675,000	02/04/2022
30/04/2018	S\$0.493	-	5,380,000	-	-	5,380,000	29/04/2023
		5,780,000	5,380,000	-	-	11,160,000	

Performance Share Plan

In addition to the SSOS, share awards can be granted to employees under the SMG Performance Share Plan (“**SPSP**”), which was approved by the shareholders at the Extraordinary General Meeting on 30 April 2014.

Depending on the achievement of pre-determined targets over the performance periods for the SPSP, the final number of performance shares awarded will be adjusted accordingly.

During the second quarter ended 30 June 2018, the Company granted a total of 336,000 (Second quarter ended 30/06/2017: Nil) performance shares to employees under the SPSP and released the announcement via SGXNET on 30 April 2018. As at 30 June 2018, the number of outstanding performance shares granted under the SPSP were 336,000 (30/06/2017: Nil).

The details of the shares granted under SPSP are as follows:

Date of grant	Number of Performance Shares				Outstanding at 30/06/2018
	Outstanding at 01/04/2018	Granted	Adjustments [#]	Vested	
30/04/2018	-	336,000	-	-	336,000
	-	336,000	-	-	336,000

[#] Adjustment will be made at the end of each performance period upon meeting pre-determined performance targets by multiplying the higher of: (i) accumulated dividend yield; or (ii) 3% per annum on a compounded basis for the respective performance period.

Save as disclosed above, there were no other outstanding options and convertibles as at 30 June 2018 and 30 June 2017.

There were no treasury shares or subsidiary holdings held by the Company as at 30 June 2018 and 30 June 2017.

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.

	As at 30/06/2018	As at 31/12/2017
Total number of issued shares (excluding treasury shares)	466,171,036	459,415,672

There were no treasury shares as at 30 June 2018 and 31 December 2017.

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

Not applicable as the Company did not have any treasury shares as at 30 June 2018 and 31 December 2017.

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 hold any subsidiary holdings as at 30 June 2018 and 31 December 2017.

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 financial statements have been applied

Except as disclosed in paragraph 5, the accounting policies and methods of computation 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 2017.

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 2018. 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:-

- (a) based on the weighted average number of ordinary shares on issue; and
(b) on a fully diluted basis (detailing any adjustments made to the earnings).

	Second quarter		Half-year	
	30/06/2018	30/06/2017	30/06/2018	30/06/2017
Net profit attributable to the owners of the Company (S\$'000)	3,406	2,580	6,827	4,012
Earnings per share (cents per share)				
- Basic	0.73	0.61	1.48	1.03
- Diluted	0.73	0.60	1.45	1.03

The basic earnings per share for the second quarter and half year ended 30 June 2018 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 464,707,102 and 462,118,546 (second quarter and half year ended 30 June 2017: 423,343,356 and 388,240,929) respectively. The diluted earnings per share for the second quarter and half year ended 30 June 2018 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 469,502,955 and 471,354,403 (second quarter and half year ended 30 June 2017: 427,152,680 and 390,134,721) respectively. The weighted average number of ordinary shares for diluted earnings per share computation has taken into consideration the share options granted to the employees under the existing employee share option plan.

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	
	30/06/2018	31/12/2017	30/06/2018	31/12/2017
Net asset value per ordinary share (cents)	25.36	23.57	22.92	22.42

Net asset value per ordinary share is calculated based on 466,171,036 and 459,415,672 ordinary shares outstanding as at 30 June 2018 and 31 December 2017, respectively.

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, asset or liabilities of the group during the current financial period reported on

Statement of Comprehensive Income

Revenue

The Group's revenue increased by 29.9% from S\$16.6 million for the three-month financial period ended 30 June 2017 ("**2Q2017**") to S\$21.6 million for the three-month period ended 30 June 2018 ("**2Q2018**"). The increase was mainly due to:

- (a) Increase in revenue of Health Business segment by S\$3.4 million mainly contributed by the Kids Clinics¹ and the organic growth of the existing specialist clinics; and
- (b) Increase in revenue of Diagnostic & Aesthetics Business segment by S\$1.6 million mainly contributed by the new imaging centre at Novena and the contribution from the aesthetic clinic, which was acquired at the end of April 2018.

For the six-month financial period ended 30 June 2018 ("**HY2018**"), the Group's revenue increased by 33.1% from S\$30.7 million for the six-month period ended 30 June 2017 ("**HY2017**") to S\$40.8 million. The increase was mainly due to the same reasons as mentioned above.

¹ Kids Clinics comprises Children's Clinic Central Pte. Ltd., Kids Clinic @ Bishan Pte. Ltd. and Babies and Children Specialist Clinic Pte. Ltd., all of which were acquired by the Group in the second half of 2017.

Gross profit

Gross profit increased by 34.0% from S\$7.2 million for 2Q2017 to S\$9.7 million for 2Q2018 as a result of increase in revenue. Gross profit margin increased by two percentage points from 43% in 2Q2017 to 45% in 2Q2018 mainly due to the change in sales mix of the Health Business segment and Diagnostic & Aesthetics Business segment.

For HY2018, gross profit increased by 40.0% from S\$13.3 million for HY2017 to S\$18.6 million while gross profit margin increased by two percentage points from 43% in HY2017 to 46% in HY2018. The increase was mainly due to the same reasons as mentioned above.

Other income

Other income increased by 215.0% from S\$80,000 for 2Q2017 to S\$252,000 for 2Q2018 mainly due to the reversal of impairment loss on the Group's investment in a joint venture.

For HY2018, other income increased by 90.1% to S\$325,000. The increase was mainly due to the same reason as mentioned above.

Distribution and selling expenses

Distribution and selling expenses increased by 26.8% from S\$0.7 million for 2Q2017 to S\$0.9 million for 2Q2018 mainly driven by increase in revenue.

For HY2018, distribution and selling expenses increased by 21.6% from S\$1.4 million for HY2017 to S\$1.7 million. The increase was mainly due to the same reason as mentioned above.

Administrative expenses

Administrative expenses increased by 38.3% from S\$3.5 million for 2Q2017 to S\$4.9 million for 2Q2018. This was mainly due to increase in staff headcount arising from the acquired subsidiaries and a higher depreciation expense during the financial period.

For HY2018, administrative expenses increased by 27.0% from S\$7.2 million for HY2017 to S\$9.1 million. The increase was mainly due to the same reasons as mentioned above.

Financial expenses

Financial expenses increased by 81.2% from S\$154,000 for 2Q2017 to S\$279,000 for 2Q2018 mainly due to interest expenses on additional bank loans secured to fund the consideration for acquisitions and new finance leases obtained during the financial period, and accretion of interest on deferred purchase consideration.

For HY2018, financial expenses increased by 127.9% from S\$226,000 for HY2017 to S\$515,000. The increase was mainly due to the same reasons as mentioned above.

Share of results of joint ventures and associate

The Group has share of profit of joint ventures and associate of S\$15,000 for 2Q2018 compared to share of loss of joint ventures and associate of S\$114,000 for 2Q2017. This is mainly due to improvement in the financial performance of the joint venture entity, PT Ciputra SMG, and share of profit from the associated company, CHA SMG (Australia) Pte. Ltd. ("**CSA**"), offset by losses incurred by the joint venture entity, SMG International (Vietnam) Pte. Ltd. ("**SMGIV**")

For HY2018, the Group has share of profit of joint ventures and associate of S\$3,000 compared to share of loss of joint ventures and associate of S\$162,000 for HY2017. The reason for the decrease is the same as mentioned above.

Income tax expense

Income tax expense increased by 92.8% from S\$0.3 million for 2Q2017 to S\$0.5 million for 2Q2018. This is due to improved profits of the Group during the financial period and decrease in deferred tax assets arising from the utilisation of most of the Group's unabsorbed tax losses carried forward from prior periods.

For HY2018, income tax expense increased by 56.4% from S\$0.5 million for HY2017 to S\$0.8 million. The reason for the increase is the same as mentioned above.

Statement of Financial Position

Non-current assets increased by S\$14.4 million from S\$136.8 million as at 31 December 2017 to S\$151.2 million as at 30 June 2018, mainly due to:

- (a) Increase in property, plant and equipment arising from new asset additions, offset by depreciation charged for the financial period;
- (b) Increase in intangible assets of S\$6.4 million as a result of goodwill arising from the acquisition of Pheniks;
- (c) Increase in investment in joint ventures and associate mainly due to the Group's investment in CSA in February 2018; and
- (d) Increase in other non-current receivables as a result of increase in rental deposits from the lease of a new premise during the financial period and reclassification of rental deposits from current to non-current following the renewal of existing leases, and additional convertible loan provided to a joint venture.

Current assets decreased by S\$7.0 million from S\$30.9 million as at 31 December 2017 to S\$23.9 million as at 30 June 2018, mainly due to decrease in cash and cash equivalents and other receivables of S\$7.0 million and S\$1.1 million respectively, offset by increase in inventories, trade receivables and prepayments of S\$0.2 million, S\$0.7 million and S\$0.2 million respectively.

Current liabilities increased by S\$5.4 million from S\$33.5 million as at 31 December 2017 to S\$38.9 million as at 30 June 2018, mainly due to: (a) increase in trade payables of S\$0.4 million; (b) increase in other payables and accruals of S\$0.1 million; (c) increase in the current portion of the deferred purchase consideration mainly arising from the acquisition of Pheniks of S\$0.9 million; (d) increase in current portion of loans and borrowings of S\$3.4 million arising from new bank loans obtained during the financial period; and (e) increase in the current portion of obligations under finance leases of S\$0.7 million arising from new finance leases obtained during the financial period, offset by decrease in income tax payables of S\$0.1 million.

Non-current liabilities decreased by S\$7.7 million from S\$25.8 million as at 31 December 2017 to S\$18.1 million as at 30 June 2018, mainly due to decrease in non-current other payables and the non-current portion of the deferred purchase consideration as a result of: (i) reclassification from non-current to current during the financial period, and (ii) payment of the deferred consideration, offset by increase in loans and borrowings, and obligations under finance leases arising from new bank loans and finance leases obtained during the financial period.

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

The Group has net current liabilities of S\$15.0 million (31/12/2017: S\$2.7 million) as at 30 June 2018 mainly due to the deferred purchase consideration of S\$18.2 million which is expected to be paid within the next 12 months. The Group has secured debt facilities and has in July 2018, raised net proceeds of approximately S\$6.7 million through the Rights Issue as announced on 1 March 2018. These have improved its cash position and enable the Company to meet its financial obligations.

Statement of Cash Flows

Net cash flows generated from operating activities of S\$4.5 million for 2Q2018 arose mainly from the operating profit before working capital changes of S\$5.1 million and inflow of working capital of S\$0.1 million, offset by interest payment of S\$0.2 million and income tax payment of S\$0.5 million.

Net cash flows used in investing activities of S\$2.0 million for 2Q2018 were mainly attributed to the purchase of property, plant and equipment, acquisition of subsidiary, Pheniks, and convertible loan given to a joint venture.

Net cash flows used in financing activities of S\$1.2 million for 2Q2018 were mainly from repayment of loans and borrowings and finance leases of S\$0.9 million and S\$0.5 million respectively, offset by proceeds from loans and borrowings of S\$0.2 million.

Cash and cash equivalents was S\$14.3 million as at 30 June 2018, compared to S\$21.3 million as at 31 December 2017.

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

No forecast or prospect statement has been previously disclosed to 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.

Taking into account the dynamics of the healthcare sector and the Group's regional footprint, the management team continues to focus on executing organic and inorganic growth initiatives to fuel growth across its operations.

The Group continues to focus on its "acquire and grow" strategy where profitable businesses were acquired with the intent to scale and aggressively grow through further organic growth initiatives. Having opened one new Obstetrics and Gynaecology ("O&G") clinic and one paediatrics clinic in HY2018, the Group continues to see clear demand for women's and children's health in Singapore and the region. Accordingly, the Group intends to continue to scale its O&G and Paediatrics vertical by opening new clinics and hiring additional specialists in the near to mid-term. At present, the Group intends to open a new paediatrics clinic in the northern part of Singapore.

Similarly, on the organic front, following the launch of the Group's new 5,500 square feet centre at Novena Medical Center during the first half of 2018, the Group will add more radiologists in the third quarter of 2018 as the demand for radiology is expected to rise, leveraging on the Group's extensive network of doctors across Singapore to drive further growth.

The Group intends to pursue further organic growth initiatives over the course of FY2018 in relation to plans for new clinics in key segments such as O&G, paediatrics and other specialist verticals. As an example, the Group will be starting a new dental clinic in Bishan. These initiatives will contribute to steady organic growth in Singapore. The Group will make the necessary announcements when there are any further material developments.

In addition to organic growth initiatives, the Group will continue to explore value-driven inorganic opportunities including earnings accretive mergers and acquisitions that will enhance shareholder value.

Overseas, the Group, through its joint venture company, SMGIV, holds an effective 16% stake in CityClinic Asia Investments Pte. Ltd. ("CCAI") which owns and operates two 15,000 square feet clinics in Ho Chi Minh City, Vietnam. The Group is focused on various growth initiatives at these two clinics with a view of exporting Singapore's best healthcare practices out into the region. At present, the Group has over 60 multidiscipline specialists and a team of six paediatricians employed at Careplus Vietnam. Amongst other disciplines, Careplus Vietnam focuses on Health Screening, Women's Health, Paediatrics, Oncology and Diagnostic Imaging and the Group has seen steady growth across these segments. The Group will also be exploring the possibility of increasing its stake in CCAI once it has reached profitability.

In Indonesia, the Group's joint venture eye clinic, modelled after the Group's successful LSC Eye Clinic in Paragon which is one of the largest and most established private laser vision correction centres in Singapore, has begun to show growth and profitability. The Group intends to continue to grow its eye clinic business such that it will contribute positively to the Group's financial performance.

Following the acquisition of SW1 Clinic in April 2018, the Group is in advanced stages of its plans to scale its Aesthetics platform out into the region, where Vietnam and Indonesia have been identified as a natural progression due to the Group's existing footprint in both countries. The Group also has plans to penetrate into new geographies such as Malaysia which will serve as another gateway for regional expansion.

To facilitate the scaling of its overseas operations, the Group intends to commit S\$3.0 million to invest and grow these business ventures.

In line with its emphasis on the use of technology to improve patient connectivity and service, the Group is developing a proprietary specialist telemedicine platform which provides patients with convenient and confidential medical consultations along with a record keeping database. The Group envisions that both local and patients from across the region may use its telemedicine services to consult with the Group's specialists throughout their treatment cycle. Medical tourists especially, will be able to speak with the Group's specialists without having to leave the comfort of their home. Segments in the market which are likely to benefit are the ageing population, the women's and children's vertical along with other specialist verticals such as oncology.

Lastly, the Board continues to explore various avenues to enhance shareholder value and possible corporate actions that may unlock value for shareholders, given the Group's improved performance, including the possibilities of implementing a formal dividend policy in FY2019 and a share buy-back mandate, subject to all necessary approvals and compliance. Any material developments on future corporate actions will be announced to shareholders accordingly.

11. Dividend

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

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) *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 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 p.m.) 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 the six-month financial period ended 30 June 2018.

13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transaction 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 for interested person transactions. The aggregate value of the interested person transactions conducted during the current financial period reported on is disclosed below.

Name of interested person	Aggregate value of all interested person transactions during the financial period under review	
	30/06/2018 S\$'000	30/06/2017 S\$'000
K S Beng Pte Ltd - Rental	98	65
MW Medical Holdings Pte Ltd - Rental	85	92
MW Medical Pte Ltd - Nursing services	8	4
BB Ventures Pte Ltd - Rental	-	21

14. Negative confirmation pursuant to Rule 705(5)

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-month financial period ended 30 June 2018 presented in this announcement, to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H of the Catalist Rules) under Rule 720(1) of the Catalist Rules.

BY ORDER OF THE BOARD

Dr Beng Teck Liang
Chief Executive Officer
13 August 2018

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "Sponsor"), for compliance with the relevant rules of the SGX-ST, this being the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and 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.

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