



TALKMED GROUP LIMITED
(Company Registration No. 201324565Z)

FINANCIAL STATEMENT ANNOUNCEMENT FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016

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 subsidiaries (collectively, the “**Group**”) for the second quarter and half year ended 30 June 2016 (“**Q2 2016**” and “**YTD 2016**” respectively).

	Q2 2016	Q2 2015	Increase /	YTD 2016	YTD 2015	Increase /
	\$'000	\$'000	(Decrease)	\$'000	\$'000	(Decrease)
	(Unaudited)	(Unaudited)	%	(Unaudited)	(Unaudited)	%
Revenue	17,470	16,065	8.7%	33,477	32,091	4.3%
Other item of income						
Other income	157	101	55.4%	268	197	36.0%
Other items of expense						
Employee benefits	(4,170)	(3,558)	17.2%	(8,308)	(6,935)	19.8%
Operating lease expenses	(367)	(282)	30.1%	(737)	(478)	54.2%
Other operating expenses	(472)	(392)	20.4%	(922)	(660)	39.7%
Share of results of associate	(544)	(255)	113.3%	(1,256)	(255)	392.5%
Profit before tax	12,074	11,679	3.4%	22,522	23,960	(6.0%)
Income tax expense	(2,212)	(2,086)	6.0%	(4,127)	(4,149)	(0.5%)
Profit for the period	9,862	9,593	2.8%	18,395	19,811	(7.1%)
Attributable to:						
Owners of the company	9,954	9,644	3.2%	18,562	19,865	(6.6%)
Non-controlling interests	(92)	(51)	80.4%	(167)	(54)	209.3%
	9,862	9,593	2.8%	18,395	19,811	(7.1%)

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

The Group	Q2 2016 \$'000 (Unaudited)	Q2 2015 \$'000 (Unaudited)	Increase / (Decrease) %	YTD 2016 \$'000 (Unaudited)	YTD 2015 \$'000 (Unaudited)	Increase / (Decrease) %
Depreciation of plant and equipment	(60)	(56)	7.1%	(117)	(64)	82.8%
Interest income	121	101	19.8%	147	139	5.8%

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	
	30/06/2016 \$'000 (Unaudited)	31/12/2015 \$'000 (Audited)	30/06/2016 \$'000 (Unaudited)	31/12/2015 \$'000 (Audited)
ASSETS				
Non-current assets				
Plant and equipment	486	523	-	-
Investments in subsidiaries	-	-	4,113	4,113
Investments in associate	7,380	8,636	11,524	11,524
Prepaid operating expenses	24	15	-	-
	7,890	9,174	15,637	15,637
Current assets				
Trade and other receivables	7,950	9,646	15,300	15,734
Cash and short-term deposits	56,078	49,562	7,534	7,540
Prepaid operating expenses	133	103	62	16
	64,161	59,311	22,896	23,290
Total assets	72,051	68,485	38,533	38,927
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	1,474	1,513	-	-
Other liabilities	1,672	1,284	129	153
Income tax payable	8,255	8,303	12	-
	11,401	11,100	141	153
Net current assets	52,760	48,211	22,755	23,137
Non-current liabilities				
Other liabilities	48	31	-	-
Total liabilities	11,449	11,131	141	153
Net assets	60,602	57,354	38,392	38,774

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	
	30/06/2016 \$'000 (Unaudited)	31/12/2015 \$'000 (Audited)	30/06/2016 \$'000 (Unaudited)	31/12/2015 \$'000 (Audited)
Equity attributable to owners of the Company				
Share capital	22,273	22,273	22,273	22,273
Merger reserve	(2,311)	(2,311)	-	-
Retained earnings	39,769	36,354	16,119	16,501
	59,731	56,316	38,392	38,774
Non-controlling interests	871	1,038	-	-
Total equity	60,602	57,354	38,392	38,774
Total equity and liabilities	72,051	68,485	38,533	38,927

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.

	Q2 2016 \$'000 (Unaudited)	Q2 2015 \$'000 (Unaudited)	YTD 2016 \$'000 (Unaudited)	YTD 2015 \$'000 (Unaudited)
Operating Activities				
Profit before tax	12,074	11,679	22,522	23,960
Adjustments for:				
Depreciation of plant and equipment	60	56	117	64
Interest income	(121)	(101)	(147)	(139)
Share of results of associate	544	255	1,256	255
Operating cash flows before changes in working capital	12,557	11,889	23,748	24,140
<u>Changes in working capital</u>				
Decrease / (increase) in prepaid operating expenses	64	36	(39)	(61)
(Increase) / decrease in trade and other receivables	(548)	260	1,589	1,886
Increase / (decrease) in trade and other payables	64	7	(39)	(121)
Increase in other liabilities	481	318	405	129
Net changes in working capital	61	621	1,916	1,833

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.

	Q2 2016 \$'000 (Unaudited)	Q2 2015 \$'000 (Unaudited)	YTD 2016 \$'000 (Unaudited)	YTD 2015 \$'000 (Unaudited)
Cash flows from operations	12,618	12,510	25,664	25,973
Interest received	138	123	254	183
Income tax paid	(4,155)	(4,027)	(4,175)	(4,027)
Net cash flows from operating activities	<u>8,601</u>	<u>8,606</u>	<u>21,743</u>	<u>22,129</u>
Investing Activities				
Purchase of plant and equipment	(76)	(579)	(80)	(582)
Investment in an associate	-	(11,524)	-	(11,524)
Net cash flows used in investing activities	<u>(76)</u>	<u>(12,103)</u>	<u>(80)</u>	<u>(12,106)</u>
Financing Activities				
Net cash inflow from non-controlling interests on incorporation of a subsidiary	-	-	-	1,200
Dividends paid on ordinary shares	(15,147)	(15,969)	(15,147)	(15,969)
Net cash flows used in financing activities	<u>(15,147)</u>	<u>(15,969)</u>	<u>(15,147)</u>	<u>(14,769)</u>
Net (decrease) / increase in cash and cash equivalents	(6,622)	(19,466)	6,516	(4,746)
Cash and cash equivalents at beginning of the period	62,700	65,615	49,562	50,895
Cash and cash equivalents at end of the period	<u>56,078</u>	<u>46,149</u>	<u>56,078</u>	<u>46,149</u>

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 reserve \$'000	Retained earnings \$'000	Non- controlling interests \$'000	Total Equity \$'000
Balance at 1 January 2016	22,273	(2,311)	36,354	1,038	57,354
Profit / (loss) for the period, representing total comprehensive income for the period	-	-	8,608	(75)	8,533
Balance at 31 March 2016	<u>22,273</u>	<u>(2,311)</u>	<u>44,962</u>	<u>963</u>	<u>65,887</u>
Profit / (loss) for the period, representing total comprehensive income for the period	-	-	9,954	(92)	9,862
Dividends paid to shareholders	-	-	(15,147)	-	(15,147)
Balance at 30 June 2016	<u>22,273</u>	<u>(2,311)</u>	<u>39,769</u>	<u>871</u>	<u>60,602</u>

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	Merger reserve	Retained earnings	Non- controlling interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2015	22,273	(2,311)	29,840	-	49,802
Profit / (loss) for the period, representing total comprehensive income for the period	-	-	10,221	(3)	10,218
Incorporation of subsidiary	-	-	-	1,200	1,200
Balance at 31 March 2015	22,273	(2,311)	40,061	1,197	61,220
Profit / (loss) for the period, representing total comprehensive income for the period	-	-	9,644	(51)	9,593
Dividends paid to shareholders	-	-	(15,969)	-	(15,969)
Balance at 30 June 2015	22,273	(2,311)	33,736	1,146	54,844
The Company (Unaudited)	Share capital	Merger reserve	Retained earnings	Non- controlling interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2016	22,273	-	16,501	-	38,774
Loss for the period, representing total comprehensive income for the period	-	-	(119)	-	(119)
Balance at 31 March 2016	22,273	-	16,382	-	38,655
Profit for the period, representing total comprehensive income for the period	-	-	14,884	-	14,884
Dividends paid to shareholders	-	-	(15,147)	-	(15,147)
Balance at 30 June 2016	22,273	-	16,119	-	38,392
Balance at 1 January 2015	22,273	-	17,476	-	39,749
Loss for the period, representing total comprehensive income for the period	-	-	(179)	-	(179)
Balance at 31 March 2015	22,273	-	17,297	-	39,570
Profit for the period, representing total comprehensive income for the period	-	-	14,679	-	14,679
Dividends paid to shareholders	-	-	(15,969)	-	(15,969)
Balance at 30 June 2015	22,273	-	16,007	-	38,280

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.

Not applicable.

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	
	30/06/2016	31/12/2015
Total number of issued shares excluding treasury shares	657,143,000	657,143,000

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 June 2016 and 31 December 2015.

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

The figures 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.

Except for the adoption of the FRSs and Amendments to FRSs applicable for the financial period beginning on or after 1 January 2016, the same accounting policies and methods of computation have been applied. The adoption of new FRSs and Amendments to FRSs did not have any effect on the financial performance or position of the Group and the Company.

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 and the Company have adopted all the new FRSs and Amendments to FRSs that are effective for the periods beginning on or after 1 January 2016. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

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	Q2 2016	Q2 2015	YTD 2016	YTD 2015
Profit attributable to owners of the Company (\$'000)	9,954	9,644	18,562	19,865
Weighted average number of ordinary shares used in the computation of basic and diluted earnings per share	657,143,000	657,143,000	657,143,000	657,143,000
Basic and fully diluted earnings per share (cents)	1.51	1.47	2.82	3.02

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	
	30/6/2016 (Unaudited)	31/12/2015 (Audited)	30/6/2016 (Unaudited)	31/12/2015 (Audited)
Net asset value attributable to the shareholders of the Group (\$'000)	59,731	56,316	38,392	38,774
Net asset value per ordinary share at end of financial period (cents) *	9.09	8.57	5.84	5.90

*The calculation of net asset value per ordinary share was based on 657,143,000 shares for all periods.

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 \$1.40 million or 8.7% from \$16.07 million in relation to the quarter ended 30 June 2015 ("Q2 2015") to \$17.47 million in Q2 2016. This was due to increase in revenue from patients.

Performance Review

Other item of income

Other income

Other income comprised interest received on fixed deposits, Government-paid Childcare and Maternity Leave, and grant from Government under Special & Temporary Employment Credit and Wage Credit Scheme.

Other income grew by \$0.06 million or 55.4% from \$0.10 million in Q2 2015 to \$0.16 million in Q2 2016. The increase was mainly due to interest received on fixed deposits and grant from Government under the Temporary Employment Credit and Government-paid Maternity Leave.

Other 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 \$0.61 million or 17.2% from \$3.56 million in Q2 2015 to \$4.17 million in Q2 2016. The increase was mainly due to increase in provision for staff bonuses and additional staff recruited to support growing business activities.

Operating lease expenses

Operating lease expenses increased by \$0.09 million or 30.1% from \$0.28 million in Q2 2015 to \$0.37 million in Q2 2016 as a result of a new operating lease that was only effected in June 2015.

Other operating expenses

Other operating expenses comprised mainly audit fees, professional and legal fees, directors' fees, marketing, depreciation, printing & stationery and laboratory consumable & services and storage expenses.

Other operating expenses increased by \$0.08 million or 20.4% from \$0.39 million in Q2 2015 to \$0.47 million in Q2 2016. The increase was mainly due to increase in overhead expenses incurred by a subsidiary, Stem Med Pte Ltd ("**Stem Med**") which only commenced operations in July 2015.

Share of results of associate

The Group's share of loss after tax of associate was \$0.54 million in Q2 2016.

Income tax expense

Income tax expense increased by \$0.12 million or 6.0% from \$2.09 million in Q2 2015 to \$2.21 million in Q2 2016 due to higher profits in Q2 2016. The effective tax rate for Q2 2016 and Q2 2015 were 18.3% and 17.9% respectively.

Performance Review

Profit after tax

The Group recorded a profit after tax of \$9.86 million in Q2 2016 as compared to \$9.59 million in Q2 2015. The increase of \$0.27 million or 2.8% was mainly due to higher revenue generated in Q2 2016 as compared to Q2 2015.

Review of the Group's financial position

Non-current assets

The Group's non-current assets comprised mainly plant and equipment and investment in an associate. Non-current assets decreased by \$1.28 million which was mainly attributable to a decrease in the carrying amount of our investment in associate pursuant to taking up the share of loss of associate of \$1.26 million during the year.

Current assets

Current assets comprised trade and other receivables, cash and short-term deposits and prepaid operating expenses. Current assets increased by \$4.85 million which was attributable to the increase in cash and short-term deposits of \$6.52 million and prepaid operating expenses of \$0.03 million, partially offset by decrease in trade and other receivables of \$1.70 million. The increase in cash and short-term deposits was mainly attributable to cash flows from operating activities while the decrease in trade and other receivables was mainly due to the payment received from trade debtors.

Current liabilities

Current liabilities comprised trade and other payables, other liabilities and income tax payable, increased by \$0.30 million. Other liabilities increased by \$0.39 million due to an increase in accrued operating expenses. Trade and other payables decreased by \$0.04 million due to payment made to suppliers. Income tax payable decreased by \$0.05 million due to the payment of FY2015 income tax in 2016 offset by income tax provision in respect of the first two quarters of 2016.

Non-current liabilities

Non-current liabilities comprised other liabilities of \$0.05 million which related mainly to deferred revenue in respect of the fees that were charged by a subsidiary, Stem Med for the storage of stem cells which would be recognised over the period of storage.

Equity attributable to owners of the Company

The increase was mainly attributable to profits earned during the year.

Non-controlling interests

This is related to the 40% non-controlling interests' share of Stem Med's net equity.

Review of the Group's cash flow

Operating activities

Net cash flows from operating activities amounted to \$8.60 million. This comprised operating cash flows before changes in working capital of \$12.56 million, net changes in working capital of \$0.06 million, interest received of \$0.14 million, less income tax paid of \$4.16 million. The net decrease in working capital of \$0.06 million was mainly due to decrease in prepaid operating expenses of \$0.06 million, an increase in trade and other payables and other liabilities of \$0.06 million and \$0.48 million respectively, offset by an increase in trade and other receivables of \$0.54 million.

Investing activities

Net cash used in investing activities of \$0.08 million was attributable to purchase of plant and equipment by a subsidiary, Stem Med.

Financing activities

Net cash used in financing activities was \$15.15 million and this was for the payment of final dividends to shareholders in respect of the year ended 31 December 2015.

Net decrease in cash and cash equivalents

The above resulted in net decrease in cash and cash equivalents of \$6.62 million. Cash and cash equivalents totalled \$56.08 million as at 30 June 2016.

- 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 dependent to a large extent on the economic performance of Singapore and countries in South East Asia.

The Group is facing pressure on revenue from the appreciation of the Singapore dollar vis-à-vis the currencies as well as the economic conditions of neighbouring countries.

- 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

Interim cash dividend of \$15.00 million has been declared.

11. If a decision regarding dividend has been made, the required information has been disclosed.

(b) (i) Amount per share

\$0.0228

(ii) Previous corresponding period

\$0.0226

(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)

The dividend is one-tier tax exempt.

(d) The date the dividend is payable

Dividend will be paid on 22 August 2016.

(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.

The Share Transfer Books and Register of Members of the Company will be closed at 5:00 p.m. on 12 August 2016 for the purpose of determining entitlements of ordinary shareholders to the tax exempt (one-tier) interim dividend in respect of the financial year ending 31 December 2016.

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

Not applicable.

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

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

14. Use of IPO proceeds

As at the date of this announcement, the use of IPO proceeds are as follows:-

Use of proceeds from the IPO	Amount allocated \$'000	Amount Utilised \$'000	Amount Unutilised \$'000
Expanding repertoire of talent pool / healthcare services	10,381	6,404 ⁽¹⁾	3,977
Overseas expansion / improving quality of medical services	6,920	6,920 ⁽²⁾	-
Total	17,301	13,324	3,977

Note:-

(1) Comprised investments in Stem Med and Hong Kong Integrated Oncology Centre Holdings Limited (“HKH”) of \$1.80 million and \$4.60 million ⁽²⁾ respectively

(2) Total investment in HKH by the Company amounted to \$11.52 million

15. Confirmation pursuant to Rule 720(1)

TalkMed Group Limited confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in form Appendix 7H.

16. Confirmation pursuant to Rule 705(5)

The Board of Directors hereby confirms that to the best of their 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 June 2016 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Ang Peng Tiam
Chief Executive Officer
3 August 2016

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 Mr Tang Yeng Yuen, Vice President, Head of Corporate Finance. Telephone number: (65) 6415 9886