



Clearbridge Health Limited
37 Jalan Pemimpin #08-05 Mapex Singapore 577177
TEL 65 6251 0136 FAX 65 6251 0132
clearbridgehealth.com

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 30 JUNE 2018

This announcement has been prepared by Clearbridge Health Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) and its contents have been reviewed by the Company’s sponsor, United Overseas Bank 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. Chia Beng Kwan, Senior Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone: +65 6533 9898.



UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 30 JUNE 2018

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

1 (a)(i) 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.

	GROUP					
	Q2		Increase/ (Decrease) %	6M		Increase/ (Decrease) %
	FY2018 S\$'000	FY2017 S\$'000		FY2018 S\$'000	FY2017 S\$'000	
Revenue	1,456	3	48,433.3	1,833	5	36,560.0
Purchases	(751)	(4)	18,675.0	(909)	(4)	22,625.0
Employee benefits expense	(1,619)	(882)	83.6	(2,778)	(1,633)	70.1
Depreciation expenses	(336)	(11)	2,954.5	(417)	(16)	2,506.3
Amortisation expenses	(22)	(2)	1,000.0	(27)	(4)	575.0
Research and development expenses	(1)	(26)	(96.2)	(20)	(120)	(83.3)
Other income	111	94	18.1	176	189	(6.9)
Fair value (loss)/gain on other investments	(1,473)	9	n.m.	(1,444)	(13)	11,007.7
Fair value (loss)/gain on associates	(5,382)	(721)	646.5	(5,374)	431	n.m.
Fair value (loss)/gain on derivative financial instruments	(2,858)	471	n.m.	(2,100)	908	n.m.
Other operating expenses*	(1,207)	(888)	35.9	(2,618)	(1,157)	126.3
Finance costs	(77)	(131)	(41.2)	(155)	(191)	(18.8)
Loss before taxation	(12,159)	(2,088)	482.3	(13,833)	(1,605)	761.9
Income tax (expense)/credit	(19)	1,872	n.m.	(135)	1,580	n.m.
Loss for the period	(12,178)	(216)	5,538.0	(13,968)	(25)	55,772.0
Other comprehensive income						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Exchange difference on translation of foreign operations	(130)	27	n.m.	(99)	101	n.m.
Total comprehensive income for the period	(12,308)	(189)	6,412.2	(14,067)	76	n.m.
Loss attributable to:						
Owners of the Company	(12,230)	(38)	32,084.2	(13,719)	16	n.m.
Non-controlling interest	52	(178)	n.m.	(249)	(41)	507.3
	(12,178)	(216)	5,538.0	(13,968)	(25)	55,772.0
Total comprehensive income attributable to:						
Owners of the Company	(12,355)	(18)	68,538.9	(13,829)	92	n.m.
Non-controlling interest	47	(171)	n.m.	(238)	(16)	1,387.5
	(12,308)	(189)	6,412.2	(14,067)	76	n.m.

Note:

n.m. - not meaningful

*In order to provide more clarity to readers, the Group has identified the following major expenses as recurring and non-recurring

	Q2 FY2018			6M FY2018		
	Recurring S\$'000	Non-recurring S\$'000	Total S\$'000	Recurring S\$'000	Non-recurring S\$'000	Total S\$'000
Other operating expenses	516	691	1,207	1,507	1,111	2,618

The non-recurring other operating expenses were mainly due to one-off professional fees and miscellaneous expenses incurred pursuant to the business acquisitions and collaborations, one-off consultancy fee and other administrative expenses for research and development activities which were streamlined since FY2017.

Excluding the abovementioned non-recurring expenses and fair value changes in other investments, associates and derivative financial instruments, the Group's loss before taxation was S\$1.76 million in Q2 FY2018.



1(a)(ii) Notes to consolidated statement of profit or loss and other comprehensive income.

	GROUP					
	Q2 FY2018	Q2 FY2017	Increase/ (Decrease)	6M FY2018	6M FY2017	Increase/ (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest expense on call options	(60)	(60)	-	(120)	(120)	-
Interest expense on borrowings	(17)	-	n.m.	(35)	-	n.m.
Depreciation expenses	(336)	(11)	2,954.5	(417)	(16)	2,506.3
Amortisation expenses	(22)	(2)	1,000.0	(27)	(4)	575.0
Interest income	84	73	15.1	148	134	10.4
Foreign exchange gain/(loss)	83	(46)	n.m.	(103)	(78)	32.1
Professional fees*	(790)	(195)	305.1	(1,238)	(256)	383.6
Rental	(216)	(82)	163.4	(354)	(134)	164.2

Note:

n.m. - not meaningful

* This included the non-recurring professional fees incurred pursuant to the business acquisitions and collaborations amounted to S\$444,000 for Q2 FY2018 and S\$614,000 for 6M FY2018.



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	
	31/06/18 S\$'000	31/12/17 S\$'000	31/06/18 S\$'000	31/12/17 S\$'000
Non-current assets				
Investment in subsidiaries	-	-	33,181	33,181
Investment in associates	9,678	15,052	-	-
Derivative financial instruments	3,806	5,907	-	-
Property, plant and equipment	6,421	2,597	14	6
Intangible assets	79	106	3	3
Goodwill on consolidation	23,561	11,002	-	-
Other investments	1,485	1,485	-	-
	<u>45,030</u>	<u>36,149</u>	<u>33,198</u>	<u>33,190</u>
Current assets				
Cash and bank balances	15,097	27,740	9,769	23,294
Trade receivables	1,355	71	-	-
Prepayments	168	282	73	101
Other receivables	1,572	942	242	487
Amount due from subsidiaries	-	-	32,562	15,420
Inventories	478	66	-	-
Other investments	2,100	3,543	-	-
	<u>20,770</u>	<u>32,644</u>	<u>42,646</u>	<u>39,302</u>
Current liabilities				
Borrowings	10	9	-	-
Trade payables	831	183	-	-
Other payables	7,291	5,540	240	1,185
Deferred revenue	373	-	-	-
Income tax payable	27	-	-	-
Amount due to subsidiaries	-	-	2,846	2,396
	<u>8,532</u>	<u>5,732</u>	<u>3,086</u>	<u>3,581</u>
Net current assets	<u>12,238</u>	<u>26,912</u>	<u>39,560</u>	<u>35,721</u>
Non-current liabilities				
Borrowings	1,627	1,632	-	-
Deferred tax liabilities	1,897	1,786	-	-
Other payables	1,921	-	-	-
	<u>5,445</u>	<u>3,418</u>	<u>-</u>	<u>-</u>
TOTAL NET ASSETS	<u>51,823</u>	<u>59,643</u>	<u>72,758</u>	<u>68,911</u>
Equity attributable to owners of the Company				
Share capital	78,395	73,897	78,395	73,897
Capital reserve	(2,179)	(2,179)	(6,716)	(6,716)
Share option reserve	165	165	-	-
Fair value reserve	735	-	-	-
Foreign currency translation reserve	(195)	(85)	-	-
(Accumulated losses)/retained earnings	(25,312)	(10,858)	1,079	1,730
	<u>51,609</u>	<u>60,940</u>	<u>72,758</u>	<u>68,911</u>
Equity attributable to owners of the Company	<u>51,609</u>	<u>60,940</u>	<u>72,758</u>	<u>68,911</u>
Non-controlling interest	214	(1,297)	-	-
TOTAL EQUITY	<u>51,823</u>	<u>59,643</u>	<u>72,758</u>	<u>68,911</u>



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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 June 2018		As at 31 December 2017	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
10	-	9	-

Amount repayable after one year

As at 30 June 2018		As at 31 December 2017	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
1,627	-	1,632	-

Details of any collateral

As at balance sheet date, the Group's borrowings are secured by the property at 37 Jalan Pemimpin, #04-13 Mapex, Singapore 577177 (the "**Mapex Property**").

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.

	GROUP			
	Q2 FY2018 S\$'000	Q2 FY2017 S\$'000	6M FY2018 S\$'000	6M FY2017 S\$'000
Operating activities				
Loss before taxation	(12,159)	(2,088)	(13,833)	(1,605)
Adjustments for:				
Depreciation of property, plant and equipment	336	11	417	16
Amortisation of intangible assets	22	2	27	4
Intangible assets written off	-	98	-	146
Plant and equipment written off	-	7	-	12
Interest income	(84)	(73)	(148)	(134)
Interest expense	77	131	155	191
Fair value loss/(gain) on derivative financial instruments	2,858	(471)	2,100	(908)
Fair value loss/(gain) on associates	5,382	721	5,374	(431)
Fair value loss/(gain) on other investments	1,473	(9)	1,444	13
Unrealised foreign exchange (gain)/loss	(44)	20	(76)	75
Operating cash flows before changes in working capital	(2,139)	(1,651)	(4,540)	(2,621)
Increase in trade receivables	(41)	(9)	(118)	(18)
Decrease/(increase) in prepayments	226	(1)	112	-
Increase in other receivables	(166)	(90)	(407)	(78)
Increase in inventories	(141)	(6)	(208)	(6)
Increase/(decrease) in trade payables	134	35	252	(94)
(Decrease)/increase in other payables	(372)	115	(1,406)	(216)
Cash flows used in operations	(2,499)	(1,607)	(6,315)	(3,033)
Income tax paid	(3)	-	(4)	-
Interest paid	(6)	-	(13)	-
Net cash flows used in operating activities	(2,508)	(1,607)	(6,332)	(3,033)
Investing activities				
Purchase of property, plant and equipment	(527)	(71)	(742)	(71)
Acquisition of intangible assets	-	(96)	-	(96)
Acquisitions of subsidiaries	(4,549)	10,651	(5,454)	10,651
Net cash flows (used in)/generated from investing activities	(5,076)	10,484	(6,196)	10,484
Financing activities				
Disposal of subsidiaries	-	-	-	(109)
Repayment of loan and borrowings	(14)	-	(27)	-
Non-trade balances with a related party and subsequently waived	-	-	-	(1,451)
Net cash used in financing activities	(14)	-	(27)	(1,560)
Net (decrease)/increase in cash and cash equivalents	(7,598)	8,877	(12,555)	5,891
Cash and cash equivalents at beginning of the period	22,849	1,338	27,740	4,308
Effects of foreign exchange rate changes, net	(154)	(4)	(88)	12
Cash and cash equivalents at end of the period	15,097	10,211	15,097	10,211



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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 period.

(In S\$'000)

	Share capital	Capital reserve	Share option reserve	Fair value reserve	Currency translation reserve	Accumulated losses	Equity attributable to owners of the Company	Non-controlling interest	Total equity
Group									
Balance as at 1 January 2018	73,897	(2,179)	165	-	(85)	(10,858)	60,940	(1,297)	59,643
Adoption of SFRS(I) 9	-	-	-	735	-	(735)	-	-	-
Balance as at 1 January 2018 (restated)	73,897	(2,179)	165	735	(85)	(11,593)	60,940	(1,297)	59,643
<i>Total comprehensive income for the period</i>									
Loss for the period	-	-	-	-	-	(1,489)	(1,489)	(301)	(1,790)
Other comprehensive loss for the period	-	-	-	-	15	-	15	16	31
Total comprehensive income for the year	-	-	-	-	15	(1,489)	(1,474)	(285)	(1,759)
<i>Change in ownership interest in subsidiary</i>									
Acquisition of a subsidiary	-	-	-	-	-	-	-	836	836
Balance as at 31 March 2018	73,897	(2,179)	165	735	(70)	(13,082)	59,466	(746)	58,720
<i>Total comprehensive income for the period</i>									
Loss for the period	-	-	-	-	-	(12,230)	(12,230)	52	(12,178)
Other comprehensive loss for the period	-	-	-	-	(125)	-	(125)	(5)	(130)
Total comprehensive income for the year	-	-	-	-	(125)	(12,230)	(12,355)	47	(12,308)
<i>Change in ownership interest in subsidiaries</i>									
Acquisition of subsidiaries	4,498	-	-	-	-	-	4,498	913	5,411
Balance as at 30 June 2018	78,395	(2,179)	165	735	(195)	(25,312)	51,609	214	51,823



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(In S\$'000)

	Share Capital	Capital reserve	Share option reserve	Currency translation reserve	Retained earnings/ (accumulated losses)	Equity attributable to owners of the Company	Non-controlling interest	Total equity
Group								
Balance as at 1 January 2017	28,495	3,803	170	(232)	6,245	38,481	(852)	37,629
<i>Total comprehensive income for the period</i>								
Profit for the period	-	-	-	-	55	55	137	192
Other comprehensive income for the period	-	-	-	55	-	55	19	74
Total comprehensive income for the period	-	-	-	55	55	110	156	266
<i>Contributions and distributions to owners</i>								
Dividend during the period	-	-	-	-	(9,633)	(9,633)	-	(9,633)
Disposal of subsidiaries	-	(69)	-	-	-	(69)	(40)	(109)
Disposal of investments	-	(3,934)	-	-	-	(3,934)	-	(3,934)
Waiver of loans to a related party	-	(1,961)	-	-	-	(1,961)	-	(1,961)
Balance as at 31 March 2017	28,495	(2,161)	170	(177)	(3,333)	22,994	(736)	22,258
<i>Total comprehensive income for the period</i>								
Profit for the period	-	-	-	-	(39)	(39)	(178)	(217)
Other comprehensive income for the period	-	-	-	20	-	20	7	27
Total comprehensive income for the period	-	-	-	20	(39)	(19)	(171)	(190)
<i>Contributions and distributions to owners</i>								
Issuance of ordinary shares	19,816	-	-	-	-	19,816	-	19,816
Balance as at 30 June 2017	48,311	(2,161)	170	(157)	(3,372)	42,791	(907)	41,884

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 period.

(In S\$'000)	Share capital	Capital reserves	Retained earnings /(accumulated losses)	Total equity
<u>Company</u>				
Balance as at 1 January 2018	73,897	(6,716)	1,730	68,911
Loss for the period, representing total comprehensive loss for the period	-	-	(362)	(362)
Balance as at 31 March 2018	73,897	(6,716)	1,368	68,549
Loss for the period, representing total comprehensive loss for the period	-	-	(289)	(289)
<u>Contributions by and distributions to owners</u>				
Issuance of shares for acquisition of subsidiaries	4,498	-	-	4,498
Balance as at 30 June 2018	78,395	(6,716)	1,079	72,758
Balance as at 1 January 2017	28,495	-	8,618	37,113
Profit for the period, representing total comprehensive income for the period	-	-	4,075	4,075
<u>Contributions by and distributions to owners</u>				
Dividend during the period	-	-	(9,633)	(9,633)
Disposal of investments	-	(3,934)	-	(3,934)
Disposal of subsidiaries	-	(17)	-	(17)
Waiver of loans to a related party	-	(1,961)	-	(1,961)
Waiver of loans to subsidiaries	-	(804)	-	(804)
Balance as at 31 March 2017	28,495	(6,716)	3,060	24,839
Total comprehensive income for the period	-	-	(1,975)	(1,975)
<u>Contributions by and distributions to owners</u>				
Issuance of ordinary shares	19,816	-	-	19,816
Balance as at 30 June 2017	48,311	(6,716)	1,085	42,680



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.

	Number of shares	Issued and paid-up share capital S\$
As at 1 April 2018	481,000,000	73,896,519
New shares issued pursuant to acquisition	8,310,702	4,497,647
As at 30 June 2018	489,310,702	78,394,166

As approved by shareholders of the Company in an extraordinary general meeting held on 4 April 2017, 125,343 convertible preference shares ("CPS"), each convertible into one ordinary share were converted into ordinary shares. There were no outstanding convertibles as at 30 June 2017 and 30 June 2018.

As at 30 June 2018 and 30 June 2017, there were no treasury shares held by the Company and there were no subsidiary holdings.

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.

	30 June 2018	31 December 2017
Total number of issued ordinary shares excluding treasury shares	489,310,702	481,000,000

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

Not applicable as there are no treasury shares held by the Company.

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 there are no subsidiary holdings.

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 auditors of the Company.



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.

Save as disclosed in paragraph 5, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year as compared to those applied in 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 the Singapore Financial Reporting Standards (International) ("SFRS(I)s") that are relevant to the Group on 1 January 2018. The adoption of SFRS(I)s did not result in a restatement of prior period's financial statement nor have any material impact to the financial statements for the current financial period except for the Group's equity interest in unquoted equity shares that has been assessed as equity instruments. The Group has measured the instruments at fair value through other comprehensive income.

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.

(Loss)/earnings per share - based on weighted average number of shares

	Group			
	Q2 FY2018 Basic / Diluted	Q2 FY2017 Basic / Diluted	6M FY2018 Basic / Diluted	6M FY2017 Basic / Diluted
(Loss)/profit attributable to owners of the Company (S\$'000) the Company (S\$'000)	<u>(12,230)</u>	<u>(38)</u>	<u>(13,719)</u>	<u>16</u>
Weighted average number of ordinary shares ('000)	<u>489,311</u>	<u>250,230</u>	<u>489,311</u>	<u>250,230</u>
(Loss)/earnings per share (cents) - Basic and diluted	(2.50)	(0.02)	(2.80)	0.01

The loss or earnings per share have been computed based on the loss or profit attributable to owners of the Company and the weighted average number of shares adjusted for the Share Split (as defined below).

As approved by shareholders of the Company in an extraordinary general meeting held on 20 November 2017, 446,680 shares in the capital of the Company was sub-divided into 393,000,000 shares (the "Share Split"). Accordingly, the number of outstanding shares is adjusted for the Share Split as if the event had occurred on 1 January 2017.



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.

Net asset value per ordinary share

	Group		Company	
	30-Jun-18	31-Dec-17	30-Jun-18	31-Dec-17
Net asset value per share (cents)	10.55	12.67	14.87	14.33
Net asset value (S\$'000)	51,609	60,940	72,758	68,911
Number of shares ('000)	489,311	481,000	489,311	481,000

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

REVIEW OF THE GROUP'S PERFORMANCE

Revenue

Revenue increased from S\$3,000 in Q2 FY2017 to S\$1.46 million in Q2 FY2018 mainly due to revenue of S\$0.09 million from the Group's medical clinics/centres in Singapore and Hong Kong, which commenced operations in July 2017 and, revenue from provision of laboratory testing services of S\$0.15 million. In addition, revenue in Q2 FY2018 also includes the following:

- S\$0.24 million from Clearbridge Medical (Philippines), Inc. ("**Clearbridge Medical Philippines**", formerly known as Marzan Health Care Inc. ("**Marzan**")) which was acquired in January 2018;
- S\$0.36 million from Medic Laser Pte. Ltd. ("**Medic Laser**") and Medic Surgical Pte. Ltd. ("**Medic Surgical**") which were acquired on 2 April 2018; and
- S\$0.62 million from PT Tirta Medika Jaya ("**PT TMJ**") which was acquired on 23 April 2018

Comparing to the first quarter of FY2018, revenue increased by 386.2% or S\$1.46 million, mainly from the Group's newly acquired subsidiaries in Indonesia and Singapore and increase in revenue from provision of laboratory testing services.

Revenue in Q2 FY2017 was derived from the provision of management services to the Company's associates.



Purchases

Purchases increased to S\$0.75 million in Q2 FY2018, in line with the increase in revenue.

Purchases mainly comprised direct expenses incurred in processing specimens by in-house laboratory testing facilities or outsourced third party clinical laboratory, consumables and medicines used by medical clinics/centres.

Employee benefits expense

Employee benefits expense increased by 83.6% or S\$0.74 million, from S\$0.88 million in Q2 FY2017 to S\$1.62 million in Q2 FY2018 mainly due to an increase in employees arising from acquisition of Clearbridge Medical Philippines, Medic Laser, Medic Surgical and PT TMJ in FY2018 and acquisition of Clearbridge Medical Group Pte. Ltd. and its subsidiaries ("**CBMG**") and SAM Laboratory Pte. Ltd. ("**Sam Lab**") in late 2017.

In addition, the increase in employee benefits expense was also due to an increase in number of employees and management personnel arising to support the business expansion.

Depreciation expenses

Depreciation expenses increased by 2,954.5% or S\$0.33 million, from S\$0.01 million in Q2 FY2017 to S\$0.34 million in Q2 FY2018 mainly due to the depreciation expense recorded by entities acquired by the Group post Q2 FY2017, namely, Sam Lab, Clearbridge Medical Philippines, Medic Laser, Medic Surgical and PT TMJ. In addition, the higher depreciation expenses were also due to the acquisition of CBMG in April 2017.

Amortisation expenses

Amortisation expenses increased by 1,000.0% or S\$20,000, from S\$2,000 in Q2 FY2017 to S\$22,000 in Q2 FY2018. The increase in amortisation expenses was attributable to the intangible asset identified from the acquisition of Sam Lab in September 2017.

Research and development expenses

Research and development expenses decreased by 96.2% or S\$25,000, from S\$26,000 in Q2 FY2017 to less than S\$1,000 in Q2 FY2018.

The Group used to carry out research and development in relation to the fourier ptychographic microscope ("**FPM**") technology, and also develop biomarkers and reagents complementary to the technology. In early 2017, having completed certain stages of development of biomarkers and reagents, the Group decided to focus solely on the FPM technology. The streamlining of the Group's research and development activities resulted in a corresponding decrease in research and development expenses in Q2 FY2018.

Fair value (loss)/gain on other investments

The Group recorded a fair value loss on other investments of S\$1.47 million in Q2 FY2018, as compared to a fair value gain of S\$9,000 in Q2 FY2017.

The fair value loss recorded in Q2 FY2018 was mainly due to the decrease in the fair value of convertible loans issued by Clearbridge Biomedics Pte. Ltd. ("**CBB**") which was arrived at based on the indicative valuation for its recent funding raising exercise completed in July 2018. The proceeds will be deployed to develop clinical laboratory tests and finance its planned initial public offering.

The fair value gain recorded in Q2 FY2017 was mainly due to an increase in fair value of investment in convertible loans issued by CBB.



Fair value loss on associates

In accordance with the SFRS(I)s, the Group measured its interests in its associated companies at fair value through profit or loss, with changes in fair value of the Group's interests in the associated companies being recorded in the statements of comprehensive income.

The fair value loss on associates increased by 646.5% or S\$4.66 million, from S\$0.72 million in Q2 FY2017 to S\$5.38 million in Q2 FY2018. This was primarily due to changes in the fair value of an associated company, CBB, which was arrived at based on the indicative valuation from its recent fund-raising exercise.

Fair value (loss)/gain on derivative financial instruments

Fair value loss on derivative financial instruments was mainly in relation to changes in the fair value of call options granted by SPRING SEEDS Capital Pte. Ltd. ("**Spring Seeds Capital**") to the Group to acquire Spring Seeds Capital's interests in the Group's associated companies, CBB (the "**CBB Call Options**") and investment in Singapore Institute of Advanced Medicine Holdings Pte. Ltd (the "**SIAMH Call Options**").

The Group recorded a fair value loss on derivative financial instruments of S\$2.86 million in Q2 FY2018, as compared to a fair value gain of S\$0.47 million in Q2 FY2017.

Fair value of the call options was arrived at based on an option pricing model which took into account, among others, the fair value of CBB and volatilities in the valuation of comparable companies. The fair value loss on derivatives recorded for Q2 FY2018 which is primarily due to the decrease in the valuation of the CBB.

Other operating expenses

Other operating expenses increased by 35.9% or S\$0.32 million, from S\$0.89 million in Q2 FY2017 to S\$1.21 million in Q2 FY2018.

The increase was mainly due to legal and professional fees of S\$0.62 million incurred pursuant to the business acquisitions and collaborations entered in Q2 FY2018 as well as other expenses attributable to the business expansion such as legal and professional fees and consultancy fee of S\$0.52 million, and travel expense of S\$0.1 million.

To provide better clarity to the readers, the Group has identified the following other operating expenses incurred in Q2 FY2018 as non-recurring expenses:

- i) professional fees and other miscellaneous expenses incurred pursuant to the business acquisition and collaborations entered in Q2 FY2018 of S\$0.44 million; and
- ii) consultancy fee and other administrative expenses of S\$0.25 million incurred for research and development activities which were streamlined.

Finance costs

Finance costs mainly pertain to interest accrued on the call options granted by Spring Seeds Capital to the Group in respect of Spring Seeds Capital's investments in Clearbridge Biophotonics Pte. Ltd. ("**CBBP**") (the "**CBBP Call Options**") and interest accrued on borrowings.

Finance cost decrease by 41.2% or S\$0.05 million, from S\$0.13 million in Q2 FY2017 to S\$0.08 in Q2 FY2018 due to a changes in accrued interest for the CBBP Call Options.



Clearbridge Health Limited
37 Jalan Pemimpin #08-05 Mapex Singapore 577177
TEL 65 6251 0136 FAX 65 6251 0132
clearbridgehealth.com

Income tax (expense)/credit

Income tax credit arose from reversal of deferred tax expense in relation to fair value loss on other investments, associates and derivative financial instruments recognised by the Group.

The Group incurred income tax expense of S\$19,000 for Q2 FY2018 as compared to an income tax credit of S\$1.87 million for Q2 FY2017. The tax credit recognised in Q2 FY2017 is primarily due to fair value loss recognised in Q2 FY2017.

Loss for the period

As a result of the foregoing, the Group recorded loss S\$12.18 million for Q2 FY2018 as compared to loss of S\$0.22 million in Q2 FY2017.

Excluding the abovementioned non-recurring expense segregated in other operating expenses, fair value changes in other investments, associates and derivative financial instruments, the loss before taxation was S\$1.76 million for Q2 FY2018.

REVIEW OF THE GROUP'S FINANCIAL POSITION

Non-current assets

The Group's non-current assets increased by 24.6% or S\$8.88 million, from S\$36.15 million as at 31 December 2017 to S\$45.03 million as at 30 June 2018. This was mainly due to an increase in goodwill on consolidation of S\$12.56 million and property, plant and equipment of S\$ 3.82 million which arose from the acquisition of Clearbridge Medical Philippines in January 2018 and Medic Laser, Medic Surgical and PT TMJ in April 2018.

The increase was partially offset by the decrease in investment in associates and derivative financial instruments of S\$7.48 million, mainly due to the fair value loss recorded in Q2 FY2018.

Current assets

The Group's current assets decreased by 36.4% or S\$11.87 million, from S\$32.64 million as at 31 December 2017 to S\$20.77 million as at 30 June 2018.

Decrease in cash and bank balances of S\$12.64 million was mainly due to S\$5.45 million payment of consideration for the acquisition of Clearbridge Medical Philippines, Medic Laser, Medic Surgical and PT TMJ, S\$0.74 million for purchase of property, plant and equipment, S\$6.33 million utilised for working capital purpose.

The decrease was partially offset by an increase of S\$1.28 million in trade receivables, S\$0.63 million in other receivables and S\$0.41 million in inventories arising from the acquisition of Clearbridge Medical Philippines, Medic Laser, Medic Surgical and PT TMJ.

Current liabilities

The Group's current liabilities increased by 48.9% or S\$2.80 million, from S\$5.73 million as at 31 December 2017 to S\$8.53 million as at 30 June 2018.

The increase was mainly due to an increase in trade payable of S\$0.65 million, other payables of S\$1.75 million and deferred revenue of S\$0.37 million arising from the acquisition of Clearbridge Medical Philippines, Medic Laser, Medic Surgical and PT TMJ.



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TEL 65 6251 0136 FAX 65 6251 0132
clearbridgehealth.com

Non-current liabilities

The Group's non-current liabilities increased by 59.4% or S\$2.03 million, from S\$3.42 million as at 31 December 2017 to S\$5.45 million as at 30 June 2018.

The increase was mainly due to recognition of contingent consideration payable for acquisition of Clearbridge Medical Philippines, Medic Laser, Medic Surgical and PT TMJ as disclosed in the announcement dated on 4 January 2018 and 28 February 2018 respectively.

REVIEW OF THE GROUP'S CASH FLOW STATEMENT

Cash outflow before changes in working capital amounted to S\$2.14 million for Q2 FY2018. Net cash used in working capital for Q2 FY2018 amounted to S\$0.36 million mainly due to an increase in inventories of S\$0.14 million, an increase in trade and other receivables of S\$0.21 million and a decrease in other payables of S\$0.37 million, partially offset by a decrease in prepayments of S\$0.23 million and an increase in trade payables of S\$0.13 million. As a result, net cash used in operating activities amounted to S\$2.51 million for Q2 FY2018.

Net cash used in investing activities for Q2 FY2018 amounted to S\$5.08 million. This was mainly due to the consideration paid for the acquisition of Clearbridge Medical Philippines, Medic Laser, Medic Surgical and PT TMJ of S\$4.55 million and capital expenditure incurred for renovation of the Mapex Property of S\$0.53 million.

Net cash used in financing activities for Q2 FY2018 amounted to S\$14,000 which was due to the repayment of bank loan.

As a result, after adjusting for the effects of foreign exchange rate changes, there was a net decrease in cash and cash equivalents of S\$7.75 million, from S\$22.85 million as at 31 March 2018 to S\$15.10 million as at 30 June 2018.

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 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.

As announced on 4 January 2018 for the acquisition of Marzan, Group has also entered into a subscription agreement for 25 million preferred shares for a total subscription price of approximately PHP25 million (approximately S\$667,000) in cash.

In line with this, the Group renamed Marzan to Clearbridge Medical Philippines, and strategically rebranded the healthcare facility it operates in Quezon City from Marzan Health Care Diagnostic Centre to Clearbridge Medical Centre ("CMC").

With the cash from the investment, CMC is scheduled to start its retrofitting and improvement programme in the third quarter of 2018 and plans to increase its number of specialist outpatient clinics from 3 to 7. Its imaging capabilities will be expanded from MRI and CT scans to also include dental cone beam CT scans, which will enable it to better serve the market with a wider array of medical services. The completion of the retrofitting and improvement programme will position CMC for accreditation by the Department of Health and POEA (Philippine Overseas Employment Administration) as an approved Overseas Foreign Workers screening and medical facility in Quezon City, Manila and this will allow it to potentially access the substantial pool of Filipinos who plan to work overseas.



The Group has also launched 2 new clinics in the Philippines. They include Clearbridge Medical Clinic, which operates as a satellite clinic under CMC offering general family medical services and point-of-care products, as well as an aesthetic clinic. Both are located in Metro Manila.

Since the completion of acquisition of PT TMJ in April 2018, the Group's medical clinics/centres operating under PT TMJ had contracted 5 additional hospitals, increasing the total number of joint operation agreements for renal care services from 15 to 20 hospitals. The new contracts would add 89 dialysis machines to the existing contract of 314 machines contracted to be installed. Of the total 403 machines contracted to be installed over the duration of the agreements, 198 have been installed and in operation to-date, performing over 3,700 treatments per month.

The Group expects the recent acquisitions to have a positive impact on the Group's revenue and earnings before interest, tax, depreciation and amortization for the current financial year ending 31 December 2018.

The Group believes that the outlook of the laboratory testing services and medical clinics/centres businesses is expected to remain positive as growth in populations, coupled with an increase in life expectancy, is likely to lead to an ageing population which will drive demand for more and better healthcare services. These are focus areas for precision medicine and are likely to lead to an increase in demand for laboratory testing services as well as the Group's business in the ownership and operation of medical clinics/centres.

The Group continues to explore suitable opportunities to expand its business regionally through investments, mergers and acquisition, joint ventures and/or strategic collaborations.

The Group will also continue to enhance its internal capabilities and processes to achieve greater efficiencies and returns.

11 Dividend

(a) Current Financial Period Reported On

Nil

(b) Corresponding Period of the Immediately Preceding Financial Year

Nil

Dividends declared prior to the IPO

Pursuant to a restructuring exercise undertaken in connection with the IPO (the "**Restructuring Exercise**"), the Company had declared an interim tax-exempt one-tier dividend of S\$9,633,283 in March 2017, arising from the disposal of its investment in Treebox Solutions Pte. Ltd. to Inbridge Ventures Pte. Ltd. The dividend was satisfied via the assignment of the consideration receivable by the Company from Inbridge Ventures Pte. Ltd. for the abovementioned disposal, to the then shareholders of the Company. Please refer to the Company's offer document dated 11 December 2017 for further details.

(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) Date payable

Not applicable.



(e) Books closure date

Not applicable.

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

No dividend has been declared for Q2 FY2018.

13 If the group has obtained a general mandate from 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 for interested person transactions. There was no interested person transaction of S\$100,000 or more in Q2 FY2018.

14 Use of IPO proceeds

Pursuant to the IPO, the Company received net proceeds from the IPO of approximately S\$22.00 million (the “**Net Proceeds**”). As at the date of this announcement, the Net Proceeds have been utilised as follows:

	Amount allocated (as disclosed in the offer document) (S\$'000)	Amount utilised as at the date of this announcement (S\$'000)	Balance (S\$'000)
Expansion of medical clinics/centres business organically or through, <i>inter alia</i> , investments, mergers and acquisitions, joint ventures and/or strategic collaborations	11,000	(3,812)	7,188
Expansion of laboratory testing services business organically or through, <i>inter alia</i> , investments, mergers and acquisitions, joint ventures and/or strategic collaborations	3,000	(421)	2,579
Working capital and general corporate purposes ⁽¹⁾	8,000	(6,654)	1,346
Total	22,000	(10,887)	11,113

Note:

(1) Comprises operating expenses.

15 Negative confirmation by the Board pursuant to Rule 705(5)

To the best knowledge of the board of directors of the Company (“**Board**”), nothing has come to the attention of the Board which may render the financial results for Q2 FY2018 of the Group and the Company to be false or misleading in any material aspect.



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clearbridgehealth.com

16 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 the undertaking from all of its directors and executive officers as required under Rule 720(1) of the Catalist Rules.

ON BEHALF OF THE BOARD

Yee Pinh Jeremy
Executive Director and Chief Executive Officer

Chen Johnson
Non Executive Non Independent Chairman

14 August 2018