



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 FINANCIAL PERIOD ENDED 30 JUNE 2017

	<u>30/6/2017</u>	<u>30/6/2016</u>	<u>Increase/ (decrease)</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Revenue	30,663	19,473	57.5
Cost of sales	(17,375)	(12,978)	33.9
Gross profit	13,288	6,495	104.6
Other items of income			
Financial income	5	6	(16.7)
Other income	171	14	1,121.4
Other items of expense			
Distribution and selling expenses	(1,370)	(1,155)	18.6
Administrative expenses	(7,164)	(4,353)	64.6
Financial expenses	(226)	(55)	310.9
Share of results of joint venture entities	(162)	(82)	97.6
Profit before tax	4,542	870	422.1
Income tax expense	(489)	(40)	1,122.5
Profit for the period	4,053	830	388.3
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	(63)	(3)	2,000.0
Total comprehensive income for the period	3,990	827	382.5
Profit attributable to:			
Owners of the Company	4,012	633	533.8
Non-controlling interests	41	197	(79.2)
	4,053	830	388.3
Total comprehensive income attributable to:			
Owners of the Company	3,949	630	526.8
Non-controlling interests	41	197	(79.2)
	3,990	827	382.5

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

	<u>30/6/2017</u>	<u>30/6/2016</u>	<u>Increase/ (decrease)</u>
	S\$'000	S\$'000	%
Depreciation and amortisation	1,141	509	124.2
Operating lease expenses	2,057	1,481	38.9
Personnel expenses	8,106	6,224	30.2
Share-based compensation expense	196	69	184.1
Gain on disposal of property, plant and equipment	(54)	-	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>	
	30/6/2017	31/12/2016	30/6/2017	31/12/2016
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	7,528	7,350	67	78
Intangible assets	84,162	9,593	-	-
Investment in subsidiaries	-	-	14,065	14,065
Investment in joint ventures	1,467	1,589	1,728	1,624
Other receivables	1,160	887	796	644
Deferred tax assets	704	722	170	170
	<u>95,021</u>	<u>20,141</u>	<u>16,826</u>	<u>16,581</u>
Current assets				
Inventories	1,405	1,126	-	-
Trade receivables	4,374	3,460	-	-
Prepayments	1,012	517	413	320
Other receivables	1,887	1,376	119	80
Due from related companies	-	-	59,858	9,145
Cash and cash equivalents	24,348	7,824	11,533	1,329
	<u>33,026</u>	<u>14,303</u>	<u>71,923</u>	<u>10,874</u>
Total assets	<u>128,047</u>	<u>34,444</u>	<u>88,749</u>	<u>27,455</u>
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	1,905	1,841	2	2
Other payables and accruals	15,960	4,437	672	428
Due to related companies	-	-	6,316	3,272
Obligations under finance leases	858	880	-	-
Loans and borrowings	2,317	608	352	608
Income tax payable	209	400	-	-
	<u>21,249</u>	<u>8,166</u>	<u>7,342</u>	<u>4,310</u>
Net current assets	11,777	6,137	64,581	6,564
Non-current liabilities				
Other payables and accruals	11,254	270	15	15
Obligations under finance leases	1,049	1,502	-	-
Loans and borrowings	8,554	573	395	573
Deferred tax liabilities	170	7	-	-
	<u>21,027</u>	<u>2,352</u>	<u>410</u>	<u>588</u>
Total liabilities	<u>42,276</u>	<u>10,518</u>	<u>7,752</u>	<u>4,898</u>
Net assets	<u>85,771</u>	<u>23,926</u>	<u>80,997</u>	<u>22,557</u>
<u>Equity attributable to owners of the Company</u>				
Share capital	87,082	29,197	87,082	29,197
Share option reserve	521	325	521	325
Foreign currency translation reserve	(82)	(19)	-	-
Retained earnings	(2,204)	(6,216)	(6,606)	(6,965)
	<u>85,317</u>	<u>23,287</u>	<u>80,997</u>	<u>22,557</u>
Non-controlling interests	454	639	-	-
Total equity	<u>85,771</u>	<u>23,926</u>	<u>80,997</u>	<u>22,557</u>
Total equity and liabilities	<u>128,047</u>	<u>34,444</u>	<u>88,749</u>	<u>27,455</u>

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

At 30/6/2017		At 31/12/2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
2,822	353	880	608

Amount repayable after one year

At 30/6/2017		At 31/12/2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
9,208	395	1,502	573

Details of any collateralLoans and borrowings

Loans and borrowings amounting to S\$10,123,000 (31/12/2016: S\$Nil) 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 Companies (as defined herein); (iii) a first fixed charge over the consultancy agreements of certain doctors of the Group; and (iv) a fixed and floating charge on all assets of the Astra Companies.

Obligations under finance leases

Obligations under finance leases amounting to S\$1,907,000 (31/12/2016: S\$2,382,000) are secured by the Group's medical equipment with carrying amount of approximately S\$3,004,000 (31/12/2016: S\$3,286,000).

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

	30/6/2017	30/6/2016
	S\$'000	S\$'000
Profit before tax	4,542	870
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	1,141	509
Interest income	(5)	(6)
Interest expense	211	55
Amortisation of loan costs	15	-
Gain on disposal of property, plant and equipment	(54)	-
Share-based compensation expense	196	69
Share of results of joint venture entities	162	82
Total adjustments	1,666	709
Operating profit before working capital change	6,208	1,579
<u>Change in working capital</u>		
Decrease/(increase) in:		
Inventories	(245)	(140)
Trade and other receivables	(1,561)	(844)
Prepayments	(495)	34
Increase/(decrease) in:		
Trade payables	64	750
Other payables and accruals	389	986
Total change in working capital	(1,848)	786
Cash flow generated from operations	4,360	2,365
Interest received	5	6
Interest paid	(211)	(55)
Income taxes paid	(190)	(3)
Net cash flows generated from operating activities	3,964	2,313
Cash flows from investing activities		
Purchase of property, plant and equipment	(689)	(332)
Proceeds from sale of property, plant and equipment	77	-
Net cash outflow on acquisition of subsidiaries	(11,000)	(281)
Investment in joint venture entities	(104)	(567)
Net cash flows used in investing activities	(11,716)	(1,180)
Cash flows from financing activities		
Dividend paid to non-controlling interests	(226)	-
Proceeds from issuance of shares	15,525	-
Share issuance expenses	(223)	-
Proceeds from loan from joint venture entity	-	172
Proceed from loans and borrowings	10,900	-
Repayment of loans and borrowings	(1,075)	(264)
Repayment under finance leases	(625)	(238)
Net cash flows generated from/(used in) financing activities	24,276	(330)
Net increase in cash and cash equivalents	16,524	803
Cash and cash equivalents at the beginning of financial period	7,799	6,440
Cash and cash equivalents at the end of financial period	24,323	7,243

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

	30/6/2017	30/6/2016
	S\$'000	S\$'000
Cash and cash equivalents as stated in the consolidated balance sheet	24,348	7,268
Less: Deposit pledged for bank facility	(25)	(25)
Cash and cash equivalents as stated in the consolidated statement of cash flow	<u>24,323</u>	<u>7,243</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

GROUP

At 1 January 2017

Profit for the period
Foreign currency translation differences
Total comprehensive income for the period

Issue of shares
Share issuance expenses
Share-based compensation expense
Acquisition of subsidiaries
Dividend on ordinary shares

At 30 June 2017

At 1 January 2016

Profit for the period
Foreign currency translation differences
Total comprehensive income for the period

Share-based compensation expense
Acquisition of a subsidiary

At 30 June 2016

Attributable to owners of the Company						
Share capital	Share option reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
29,197	325	(19)	(6,216)	23,287	639	23,926
-	-	-	4,012	4,012	41	4,053
-	-	(63)	-	(63)	-	(63)
-	-	(63)	4,012	3,949	41	3,990
15,525	-	-	-	15,525	-	15,525
(223)	-	-	-	(223)	-	(223)
-	196	-	-	196	-	196
42,583	-	-	-	42,583	-	42,583
-	-	-	-	-	(226)	(226)
87,082	521	(82)	(2,204)	85,317	454	85,771
18,705	189	(31)	(8,552)	10,311	651	10,962
-	-	-	633	633	197	830
-	-	(3)	-	(3)	-	(3)
-	-	(3)	633	630	197	827
-	69	-	-	69	-	69
-	-	-	-	-	71	71
18,705	258	(34)	(7,919)	11,010	919	11,929

Company**At 1 January 2017**

Total comprehensive income for the period
Issue of shares
Share issuance expenses
Share-based compensation expense
Acquisition of subsidiaries

At 30 June 2017**At 1 January 2016**

Total comprehensive income for the period
Share-based compensation expense

At 30 June 2016

Share capital	Share option reserve	Retained earnings	Total equity
S\$'000	S\$'000	S\$'000	S\$'000
29,197	325	(6,965)	22,557
-	-	359	359
15,525	-	-	15,525
(223)	-	-	(223)
-	196	-	196
42,583	-	-	42,583
87,082	521	(6,606)	80,997
18,705	189	(7,229)	11,665
-	-	(80)	(80)
-	69	-	69
18,705	258	(7,309)	11,654

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

	2017		2016	
	No. of shares		No. of shares	
	'000	S\$'000	'000	S\$'000
Issued and fully paid ordinary shares				
At 1 January	311,033	29,197	276,029	18,705
Issued for acquisition of subsidiaries (note 1)	81,110	42,583	-	-
Issued for Placement (note 2)	30,000	15,000	-	-
Share issuance expenses (note 3)	-	(223)	-	-
Issued upon exercise of share options (note 4)	3,034	525	-	-
At 30 June	425,177	87,082	276,029	18,705

Note 1

The Company had on 20 February 2017 issued a total of 81,110,310 ordinary shares to 5 individuals, pursuant to the sale and purchase agreements dated 6 December 2016 between the Company, SMG Astra Women's Specialists Pte. Ltd. and the 5 individuals, to acquire the entire equity interest in 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. (collectively, the "**Astra Companies**"). Upon the completion of the acquisitions, the Astra Companies became wholly-owned subsidiaries of the Company.

Note 2

The Company had on 16 February 2017 entered into a placement agreement with CHA Healthcare Co., Ltd ("**CHC**"), where CHC was subsequently substituted as a party to the placement agreement by its wholly-owned subsidiary, CHA Healthcare Singapore Pte Ltd. ("**CHS**"), through a novation agreement entered into between the Company, CHC and CHS on 13 March 2017, to issue an aggregate of 30,000,000 new ordinary shares (the "**Placement Shares**") in the issued share capital of the Company at an issue price of S\$0.50 per Placement Share. Following the issue and allotment of the Placement Shares on 15 March 2017, the Company received proceeds of S\$15.0 million. The number of issued shares of the Company increased from 392,143,092 to 422,143,092.

Note 3

The share issuance expenses were incurred for the issuance of shares for acquisition of subsidiaries (refer to note 1) and Placement (refer to note 2).

Note 4

The Company issued 3,034,000 ordinary shares following the exercise of share options under the SMG Share Option Scheme during the financial period ended 30 June 2017.

Share Option

The SMG Share Option Scheme (“SSOS”) was approved by the shareholders at the Extraordinary General Meeting on 30 April 2014. During the financial period ended 30 June 2017, the Company granted a total of 765,000 (30/06/2016: Nil) share options to employees under the SSOS and released the announcement via SGXNET on 3 April 2017. As at 30 June 2017, the number of shares that may be issued on conversion of all the outstanding share options was 8,135,000 (30/06/2016: 5,265,000).

The movement of share options of the Company during the financial period from January to June 2017 is as follows:

Date of grant of options	Exercise price per share	Options outstanding at 01/01/2017	Options granted	Options exercised	Options forfeited/expired	Options outstanding at 30/06/2017	Expiry date
12/05/2014	S\$0.173	3,034,000	-	(3,034,000)	-	-	11/05/2019
20/08/2014	S\$0.185	160,000	-	-	-	160,000	19/08/2019
10/07/2015	S\$0.145	370,000	-	-	-	370,000	09/07/2020
22/09/2016	S\$0.303	6,840,000	-	-	-	6,840,000	21/09/2021
03/04/2017	S\$0.545	-	765,000	-	-	765,000	02/04/2022
		10,404,000	765,000	(3,034,000)	-	8,135,000	

Save as disclosed above, there were no other outstanding options and convertibles as at 30 June 2017 and 30 June 2016.

There were no treasury shares or subsidiary holdings held by the Company as at 30 June 2017 and 30 June 2016.

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 30/06/2017	As at 31/12/2016
Total number of issued shares (excluding treasury shares)	425,177,092	311,032,782

There were no treasury shares as at 30 June 2017 and 31 December 2016.

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 2017 and 31 December 2016.

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 2017 and 31 December 2016.

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 2016.

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 2017. 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).

	Group	
	30/06/2017	30/06/2016
Net profit attributable to the owners of the Company (S\$'000)	4,012	633
Earnings per share (cents per share)		
- Basic	1.03	0.23
- Diluted	1.03	0.23

The basic earnings per share for the financial period ended 30 June 2017 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 388,240,929. The diluted earnings per share for the financial period ended 30 June 2017 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 390,134,721. 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.

The basic and diluted earnings per share for the financial period ended 30 June 2016 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 276,028,500. Share options granted to the employees under the existing employee share option plan have not been included in the calculation of diluted earnings per share because they are anti-dilutive. The basic and diluted earnings per share are the same as there were no potential dilutive ordinary shares as at 30 June 2016.

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	
	30/06/2017	31/12/2016	30/06/2017	31/12/2016
Net asset value per ordinary share (cents)	20.07	7.49	19.05	7.25

Net asset value per ordinary share is calculated based on 425,177,092 and 311,032,782 ordinary shares outstanding as at 30 June 2017 and 31 December 2016, 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**

Income statement

For the six-month financial period ended 30 June 2017 ("HY2017"), the Group's revenue increased by 57.5% from S\$19.5 million for the six-month period ended 30 June 2016 ("HY2016") to S\$30.7 million. The increase was mainly due to increase in revenue of Health Business segment by S\$6.8 million or 42.3% from S\$15.4 million for HY2016 to S\$21.9 million for HY2017 which mainly arose from the subsidiaries, the Astra Companies, acquired in February 2017, and Diagnostic & Aesthetics Business segment by S\$4.5 million or 125.7% from S\$3.8 million for HY2016 to S\$8.6 million for HY2017 which mainly arose from the subsidiary, Lifescan Imaging Pte. Ltd. ("LSI"), where the Group acquired the remaining 61.9% interest it did not own in September 2016. As a result of these acquisitions, LSI and the Astra Companies were consolidated into the Group from 9 September 2016 and 8 February 2017 respectively.

Gross profit increased by 104.6% from S\$6.5 million for HY2016 to S\$13.3 million for HY2017 as a result of increase in revenue. Gross profit margin increased by ten percentage points from 33% in HY2016 to 43% in HY2017 mainly due to improvement in profit margin of the Health Business segment.

Other income increased by 1,121.4% to S\$0.2 million mainly due to the recognition of a gain from disposal of property, plant and equipment in HY2017. No such gain was recognised in HY2016.

Distribution and selling expenses increased by 18.6% from S\$1.2 million for HY2016 to S\$1.4 million for HY2017 mainly driven by increase in revenue.

Administrative expenses increased by 64.6% from S\$4.4 million for HY2016 to S\$7.2 million for HY2017. This is mainly due to increase in staff headcount resulting from the acquisition of LSI and the Astra Companies on 9 September 2016 and 8 February 2017 respectively, and a higher depreciation charge for the financial period resulting from these acquisitions.

Financial expenses increased by 310.9% from S\$55,000 for HY2016 to S\$226,000 for HY2017 mainly due to higher interest expenses incurred for a new bank loan obtained for the acquisition of the Astra Companies and finance leases arising from the acquisition of LSI in September 2016.

The share of loss of joint venture entities of approximately S\$162,000 in HY2017 arises from its investments in PT Ciputra SMG ("PTCS"), SMG Leaders Pte. Ltd. ("SMGL"), SMG Cardioscan Pte. Ltd. ("SMGC") and SMG International (Vietnam) Pte. Ltd. ("SMGIV"). The losses were mainly due to the respective clinics set up under these joint venture entities still ramping up their business, offset by the share of profit from SMGC. In HY2016, the Group recorded share of net loss of joint venture entities of S\$82,000 from its investments in PTCS, SMGL and LSI (prior to LSI being acquired and becoming a wholly-owned subsidiary). The losses were contributed by PTCS and SMGL, offset by the share of profit from LSI.

Income tax expense increased by 1,122.5% from S\$40,000 for HY2016 to S\$489,000 for HY2017. This is mainly due to improved profits of the Group for HY2017 and increase in deferred tax liabilities recognised during the financial period.

Consolidated Balance Sheet

Non-current assets increased by S\$74.9 million from S\$20.1 million as at 31 December 2016 to S\$95.0 million as at 30 June 2017, mainly due to:

- (a) Increase in property, plant and equipment of S\$0.2 million arising from the acquisition of the Astra Companies and new asset additions, offset by depreciation charged for the financial period;
- (b) Increase in intangible assets of S\$74.6 million as a result of goodwill arising from the acquisition of the Astra Companies¹; and
- (c) Increase in other non-current receivables of S\$0.2 million as a result of increase in rental deposits from the lease of new premises during the financial period.

The increase is offset by decrease in investment in joint ventures of S\$0.1 million mainly due to net losses arising from the joint venture entities during the financial period.

Current assets increased by S\$18.7 million from S\$14.3 million as at 31 December 2016 to S\$33.0 million as at 30 June 2017, mainly due to increase in cash and cash equivalents by S\$16.5 million, increase in inventories by S\$0.3 million, increase in trade receivables by S\$0.9 million, increase in prepayments by S\$0.5 million and increase in other receivables by S\$0.5 million.

Current liabilities increased by S\$13.0 million from S\$8.2 million as at 31 December 2016 to S\$21.2 million as at 30 June 2017, mainly due to: (a) increase in other payables and accruals of S\$11.5 million mainly attributed to the outstanding purchase consideration arising from the acquisition of the Astra Companies of S\$11.0 million payable within the next 12 months; and (b) increase in current portion of loans and borrowings of S\$1.7 million arising from a new bank loan obtained during the financial period. The increase is offset by the decrease in income tax payable of S\$0.2 million.

Non-current liabilities increased by S\$18.6 million from S\$2.4 million as at 31 December 2016 to S\$21.0 million as at 30 June 2017, mainly due to increase in loans and borrowings arising from a new bank loan obtained during the financial period, increase in other payables and accruals due to the outstanding purchase consideration arising from the acquisition of the Astra Companies of S\$11.0 million payable more than 12 months after 30 June 2017, and increase in deferred tax liabilities. The increase is offset by decrease in obligations under finance leases as a result of reclassification from non-current to current during the financial period to reflect repayment of finance leases.

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

Cash Flow Statement

Net cash flows generated from operating activities of S\$4.0 million arose mainly from the operating profit before working capital changes of S\$6.2 million, offset by the outflow of working capital of S\$1.8 million, interest payment of S\$0.2 million and income tax payment of S\$0.2 million.

Net cash flows used in investing activities of S\$11.7 million were mainly attributed to the purchase of property, plant and equipment, acquisition of subsidiaries, the Astra Companies, and investment in joint venture entities namely PTCS.

Net cash flows generated from financing activities of S\$24.3 million were mainly from proceeds from issuance of shares of S\$15.5 million and proceeds from loans and borrowings of S\$10.9 million, offset by dividends paid to non-controlling interests of S\$0.2 million, share issuance expenses of S\$0.2 million, and repayment of loans and borrowings and finance leases of S\$1.1 million and S\$0.6 million respectively.

Cash and cash equivalents was S\$24.3 million as at 30 June 2017, compared to S\$7.8 million as at 31 December 2016.

¹ The Group is still in the process of completing the purchase price allocation on the acquisition of the Astra Companies and the goodwill arising from this acquisition is subject to change.

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.

Regionally, macroeconomic uncertainties and subdued growth present challenges to business operations. In addition, Singapore has seen an increase in competition for medical tourism as local healthcare systems begin to improve around Southeast Asia. Despite the headwinds, the demand for private healthcare continues to rise due to structural factors such as an ageing population, the prevalence of chronic illness and rising affluence in the region.

Against this backdrop, the Group is well-positioned to meet this demand and provide quality healthcare for both local and foreign patients. To mitigate the impact arising from medical tourism in Singapore, the Group is taking a proactive approach in exporting its quality healthcare practices out into the region. Through its joint venture with CityClinic Asia Investments Pte Ltd, the Group continues to gain traction in tapping the immense potential of the healthcare market in Vietnam with its two clinics in Ho Chi Minh City. As these initiatives are still in their initial stages, the investment is not expected to have impact on the Group's financial statements until the completion of its ramp-up phase.

In Singapore, the Group completed the acquisition of the Astra Companies on 8 February 2017 and two paediatric clinics on 1 July 2017. As part of the Group's push towards being a leading specialist practitioner in women's health, it continues to grow its Obstetrics & Gynaecology ("O&G") segment with the addition of two O&G specialists, bringing up a total of 10 O&G specialists. This makes the Group one of the largest specialist practitioners in the private sector dedicated towards women's health and wellness, and now babies and children.

Further to growing the O&G and the paediatric practices, the Group is also building a new diagnostics centre at Novena Medical Centre, at a new facility spanning 5,500 square feet. This will allow the Group to consolidate its presence in Novena area and provide a comprehensive range of cross-disciplinary radiology services in a fast growing medical hub.

The Group is also constantly reviewing its costs structure and is progressively integrating the acquired businesses by driving operational efficiencies in areas such as staffing, marketing and space utilisation. This has allowed the Group to derive revenue and cost synergies while leveraging on its existing regional network to scale and promote cross-selling opportunities.

In addition to driving organic growth, the Group continues to explore value-driven investment opportunities that are synergistic with Group's existing specialties. With the completion of the two paediatric clinics on 1 July 2017, the new revenue stream will be added to the Group in the second half of the year.

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 2017.

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	
	30/06/2017 S\$'000	30/06/2016 S\$'000
K S Beng Pte Ltd - Rental (Note 1)	65	81
MW Medical Holdings Pte Ltd - Rental	92	92
MW Medical Pte Ltd - Nursing services	4	4
BB Ventures Pte Ltd - Rental	21	21

Note 1: Please refer to the Company's announcement dated 19 March 2014 when the tenancy agreement was entered into.

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 2017 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.

16. Use of proceeds from the Rights Issue and Placement

Rights Issue

The net proceeds from the Rights Issue, which was completed on 13 January 2015 was approximately S\$3.6 million, and the Company had fully utilised the proceeds as at 14 August 2017. The utilisation of the proceeds is as follows:

	Actual S\$'million	Intended S\$'million
Net proceeds	3.6	3.6
Less:		
(i) Strengthen the Company's working capital & capital base	(0.3)	(0.3)
(ii) Growing existing medical specialist business	(2.0)	(2.0)
(iii) Potential growth and acquisition	(1.3)	(1.3)
Balance as at 14 August 2017	-	

The above use of the net proceeds is in accordance with the intended use as stated in the change of use and re-allocation of the proceeds from the Rights Issue as stated in the announcement dated 4 January 2017.

Placement

The net proceeds from the Placement Issue which was completed on 15 March 2017 was approximately S\$15.0 million, out of which the following amount had been utilised as at 14 August 2017:

	Actual S\$'million	Intended S\$'million
Net proceeds	15.0	15.0
Less:		
(i) Merger and acquisition opportunities	(5.0)	(10.0)
(ii) Expansion into other South East Asia countries	-	(3.0)
(iii) Growing existing business	(0.8)	(2.0)
Balance as at 14 August 2017	9.2	

The above use of proceeds is in accordance with the intended use as stated in the announcement in relation to the Placement.

BY ORDER OF THE BOARD

Dr Beng Teck Liang
Chief Executive Officer
14 August 2017

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 Catalyst. 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.

The contact person for the Sponsor is Mr. Eric Wong, Director, Investment Banking, Singapore. The contact particulars are 50 Raffles Place #09-01 Singapore Land Tower Singapore 048623, Telephone: +65 6337 5115.