



**TALKMED GROUP LIMITED**  
(Company Registration No. 201324565Z)

**FINANCIAL STATEMENT ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015**

**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 third quarter and the nine months ended 30 September 2015 (“Q3 2015” and “YTD 2015” respectively).

	Q3 2015 \$'000 (Unaudited)	Q3 2014 \$'000 (Unaudited)	Increase / (Decrease) %	YTD 2015 \$'000 (Unaudited)	YTD 2014 \$'000 (Unaudited)	Increase / (Decrease) %
<b>Revenue</b>	15,672	15,585	0.6%	47,763	45,818	4.2%
<b>Other item of income</b>						
Other income	67	24	179.2%	264	85	210.6%
<b>Other items of expense</b>						
Employee benefits	(4,076)	(2,951)	38.1%	(11,011)	(9,488)	16.1%
Operating lease expenses	(384)	(182)	111.0%	(862)	(547)	57.6%
Other operating expenses	(385)	(799)	-51.8%	(1,045)	(1,514)	-31.0%
<b>Share of results of associate</b>	(1,160)	-	-	(1,415)	-	-
<b>Profit before tax</b>	9,734	11,677	-16.6%	33,694	34,354	-1.9%
Income tax expense	(1,877)	(2,108)	-11.0%	(6,026)	(5,989)	0.6%
<b>Profit for the period</b>	<b>7,857</b>	<b>9,569</b>	<b>-17.9%</b>	<b>27,668</b>	<b>28,365</b>	<b>-2.5%</b>
<b>Attributable to:</b>						
Owners of the company	7,888	9,569	-17.6%	27,753	28,365	-2.2%
Non-controlling interest	(31)	-	N.M.	(85)	-	N.M.
	<b>7,857</b>	<b>9,569</b>	<b>-17.9%</b>	<b>27,668</b>	<b>28,365</b>	<b>-2.5%</b>

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

The Group	Q3 2015 \$'000 (Unaudited)	Q3 2014 \$'000 (Unaudited)	Increase / (Decrease) %	YTD 2015 \$'000 (Unaudited)	YTD 2014 \$'000 (Unaudited)	Increase / (Decrease) %
Depreciation of property, plant and equipment	57	8	612.5%	121	24	404.2%
Interest income	(57)	-	N.M	(196)	-	N.M

N.M. = not meaningful

**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	
	30/9/2015 \$'000 (Unaudited)	31/12/2014 \$'000 (Audited)	30/9/2015 \$'000 (Unaudited)	31/12/2014 \$'000 (Audited)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Plant and equipment	501	25	-	-
Investment in subsidiaries	-	-	4,113	2,313
Investment in associate	10,108	-	11,524	-
	<u>10,609</u>	<u>25</u>	<u>15,637</u>	<u>2,313</u>
<b>Current assets</b>				
Trade and other receivables	6,702	9,137	49	16,045
Cash and cash equivalents	39,462	50,895	7,548	21,426
Prepaid operating expenses	65	41	37	7
	<u>46,229</u>	<u>60,073</u>	<u>7,634</u>	<u>37,478</u>
<b>Total assets</b>	<b><u>56,838</u></b>	<b><u>60,098</u></b>	<b><u>23,271</u></b>	<b><u>39,791</u></b>
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	1,409	1,333	-	8
Accrued operating expense	1,547	905	34	34
Income tax payable	6,032	8,058	-	-
	<u>8,988</u>	<u>10,296</u>	<u>34</u>	<u>42</u>
<b>Net current assets</b>	<b><u>37,241</u></b>	<b><u>49,777</u></b>	<b><u>7,600</u></b>	<b><u>37,436</u></b>
<b>Net assets</b>	<b><u>47,850</u></b>	<b><u>49,802</u></b>	<b><u>23,237</u></b>	<b><u>39,749</u></b>
<b>Equity attributable to owners of the Company</b>				
Share capital	22,273	22,273	22,273	22,273
Merger reserve	(2,311)	(2,311)	-	-
Retained earnings	26,773	29,840	964	17,476
	<u>46,735</u>	<u>49,802</u>	<u>23,237</u>	<u>39,749</u>
<b>Non-controlling interests</b>	<u>1,115</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>	<b><u>47,850</u></b>	<b><u>49,802</u></b>	<b><u>23,237</u></b>	<b><u>39,749</u></b>
<b>Total equity and liabilities</b>	<b><u>56,838</u></b>	<b><u>60,098</u></b>	<b><u>23,271</u></b>	<b><u>39,791</u></b>

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.

	Q3 2015 \$'000 (Unaudited)	Q3 2014 \$'000 (Unaudited)	YTD 2015 \$'000 (Unaudited)	YTD 2014 \$'000 (Unaudited)
<b>Operating Activities</b>				
Profit before tax	9,734	11,677	33,694	34,354
Adjustments for:				
Depreciation of plant and equipment	57	8	121	24
Interest income	(57)	(19)	(196)	(19)
Share of result of associate	1,160	-	1,415	-
<b>Operating cash flows before changes in working capital</b>	<b>10,894</b>	<b>11,666</b>	<b>35,034</b>	<b>34,359</b>
<u>Changes in working capital</u>				
Decrease in trade and other receivables	498	222	2,367	453
Increase / (decrease) in trade and other payables	197	(81)	76	(6,919)
Increase / (decrease) in accrued operating expenses	513	(266)	642	(3,723)
Net changes in working capital	1,208	(125)	3,085	(10,189)
<b>Cash flows from operations</b>	<b>12,102</b>	<b>11,541</b>	<b>38,119</b>	<b>24,170</b>
Interest received	101	19	240	19
Income tax paid	(4,024)	(2,659)	(8,051)	(6,204)
<b>Net cash flows from operating activities</b>	<b>8,179</b>	<b>8,901</b>	<b>30,308</b>	<b>17,985</b>
<b>Investing Activities</b>				
Purchase of plant and equipment	(15)	-	(597)	(4)
Investment in associates	-	-	(11,524)	-
Net cash used in investing activities	(15)	-	(12,121)	(4)
<b>Financing Activities</b>				
Net cash inflow from non-controlling interests on incorporation of a subsidiary	-	-	1,200	-
Dividends paid to shareholders	(14,851)	(13,997)	(30,820)	(21,488)
Proceeds from share issuance at IPO	-	-	-	21,029
IPO share expenses capitalised	-	-	-	(1,069)
Net cash used in financing activities	(14,851)	(13,997)	(29,620)	(1,528)
<b>Net decrease in cash and cash equivalents</b>	<b>(6,687)</b>	<b>(5,096)</b>	<b>(11,433)</b>	<b>16,453</b>
Cash and cash equivalents at beginning of the period	46,149	46,442	50,895	24,893
Cash and cash equivalents at end of the period	39,462	41,346	39,462	41,346

**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 reserves	Retained earnings	Non- controlling interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 January 2015</b>	<b>22,273</b>	<b>(2,311)</b>	<b>29,840</b>	-	<b>49,802</b>
Profit / (loss) for the period, representing total comprehensive income for the period	-	-	10,221	(3)	10,218
Incorporation of subsidiary	-	-	-	1,200	1,200
<b>Balance at 31 March 2015</b>	<b>22,273</b>	<b>(2,311)</b>	<b>40,061</b>	<b>1,197</b>	<b>61,220</b>
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)
<b>Balance at 30 June 2015</b>	<b>22,273</b>	<b>(2,311)</b>	<b>33,736</b>	<b>1,146</b>	<b>54,844</b>
Profit / (loss) for the period, representing total comprehensive income for the period	-	-	7,888	(31)	7,857
Dividends paid to shareholders	-	-	(14,851)	-	(14,851)
<b>Balance at 30 September 2015</b>	<b>22,273</b>	<b>(2,311)</b>	<b>26,773</b>	<b>1,115</b>	<b>47,850</b>
<b>Balance at 1 January 2014</b>	<b>2,313</b>	<b>(2,311)</b>	<b>12,800</b>	-	<b>12,802</b>
Proceeds from share issuance at IPO	21,029	-	-	-	21,029
IPO share issuance expenses	(1,069)	-	-	-	(1,069)
Profit for the period, representing total comprehensive income for the period	-	-	9,167	-	9,167
<b>Balance at 31 March 2014</b>	<b>22,273</b>	<b>(2,311)</b>	<b>21,967</b>	-	<b>41,929</b>
Profit for the period, representing total comprehensive income for the period	-	-	9,629	-	9,629
Dividends paid to shareholders	-	-	(7,491)	-	(7,491)
<b>Balance at 30 June 2014</b>	<b>22,273</b>	<b>(2,311)</b>	<b>24,105</b>	-	<b>44,067</b>
Profit for the period, representing total comprehensive income for the period	-	-	9,569	-	9,569
Dividends paid to shareholders	-	-	(13,997)	-	(13,997)
<b>Balance at 30 September 2014</b>	<b>22,273</b>	<b>(2,311)</b>	<b>19,677</b>	-	<b>39,639</b>

- 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 Company (Unaudited)	Share capital	Merger reserves	Retained earnings	Total Equity
	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1 January 2015</b>	<b>22,273</b>	-	<b>17,476</b>	<b>39,749</b>
Loss for the period, representing total comprehensive income for the period	-	-	(179)	(179)
<b>Balance at 31 March 2015</b>	<b>22,273</b>	-	<b>17,297</b>	<b>39,570</b>
Profit for the period, representing total comprehensive income for the period	-	-	14,679	14,679
Dividends paid to shareholders	-	-	(15,969)	(15,969)
<b>Balance at 30 June 2015</b>	<b>22,273</b>	-	<b>16,007</b>	<b>38,280</b>
Loss for the period, representing total comprehensive income for the period	-	-	(192)	(192)
Dividends paid to shareholders	-	-	(14,851)	(14,851)
<b>Balance at 30 September 2015</b>	<b>22,273</b>	-	<b>964</b>	<b>23,237</b>
<b>Balance at 1 January 2014</b>	<b>2,313</b>	-	<b>(2,800)</b>	<b>(487)</b>
Proceeds from share issuance at IPO	21,029	-	-	21,029
IPO share issuance expenses	(1,069)	-	-	(1,069)
Profit for the period, representing total comprehensive income for the period	-	-	12,457	12,457
<b>Balance at 31 March 2014</b>	<b>22,273</b>	-	<b>9,657</b>	<b>31,930</b>
Loss for the period, representing total comprehensive income for the period	-	-	(212)	(212)
Dividends paid to shareholders	-	-	(7,491)	(7,491)
<b>Balance at 30 June 2014</b>	<b>22,273</b>	-	<b>1,954</b>	<b>24,227</b>
Profit for the period, representing total comprehensive income for the period	-	-	13,624	13,624
Dividends paid to shareholders	-	-	(13,997)	(13,997)
<b>Balance at 30 September 2014</b>	<b>22,273</b>	-	<b>1,581</b>	<b>23,854</b>

**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	
	30.09.2015	31.12.2014
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 September 2015 and 31 December 2014.

**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 2015, 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 2015. 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.**

<b>The Group</b>	<b>Q3 2015</b>	<b>Q3 2014</b>	<b>YTD 2015</b>	<b>YTD 2014</b>
Profit attributable to owners of the Company (\$'000)	7,888	9,569	27,753	28,365
Weighted average number of ordinary shares used in the computation of basic and diluted earnings per share	657,143,000	645,588,824	657,143,000	645,588,824
Basic and fully diluted earnings per share (cents)	1.20	1.48	4.22	4.39

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.**

	<b>Group</b>		<b>Company</b>	
	<b>30/9/2015</b> (Unaudited)	<b>31/12/2014</b> (Audited)	<b>30/9/2015</b> (Unaudited)	<b>31/12/2014</b> (Audited)
Net assets value attributable to the shareholders of the Group (\$'000)	46,735	49,802	23,237	39,749
Net assets per ordinary share at end of financial period (cents) *	7.11	7.58	3.54	6.05

\*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 \$0.08 million or 0.6% from \$15.59 million in Q3 2014 to \$15.67 million in Q3 2015.

## **Other income**

Other income comprised interest received, Government-paid Maternity Leave, grant from Government under Special Employment Credit. Other income grew by \$0.04 million in Q3 2015 when compared to Q3 2014. The increase was mainly due to interest received on fixed deposits.

## **Other Items of expense**

### *Employee benefits*

Employee benefits comprised remuneration paid to doctors, nurses as well as other medical and administrative support staff. These included salaries and wages, allowances, CPF contributions and staff benefits. Employee benefits increased by \$1.13 million or 38.1% from \$2.95 million in Q3 2014 to \$4.08 million in Q3 2015. The increase was mainly due to increase in staff benefits, provision for staff bonuses and additional staff recruited to support growing business activities.

### *Operating lease expenses*

Operating lease expenses increased by \$0.20 million or 111.0% from \$0.18 million in Q3 2014 to \$0.38 million in Q3 2015 as a result of new operating leases that were effected in November 2014, March and June 2015.

### *Other operating expenses*

Other operating expenses comprised mainly audit fees, professional and legal fees, directors' fees, travelling and insurance expenses. Other operating expenses decreased by \$0.41 million or 51.8% from \$0.80 million in Q3 2014 to \$0.39 million in Q3 2015. This decrease was mainly due to lower legal and professional fees.

### *Share of result of associate*

In June 2015, the Group acquired a 30% stake in an associate, Hong Kong Integrated Oncology Centre Holdings Limited for an aggregate consideration of \$11.52 million. The Group's share of loss after tax of associate was \$1.16 million in Q3 2015.

## **Income tax expense**

Income tax expense decreased by \$0.23 million or 11.0% from \$2.11 million in Q3 2014 to \$1.88 million in Q3 2015 due to lower profits in Q3 2015. The effective tax rate for Q3 2015 and Q3 2014 were 19.3% and 18.1% respectively.

## **Profit after tax**

The Group recorded a profit after tax of \$7.86 million in Q3 2015 compared to \$9.57 million in Q3 2014. The decrease of \$1.71 million or 17.9% was mainly due to higher operating expenses and share of results of our associate in Hong Kong of \$1.16 million partially offset by increase in revenue.

## **Review of the Group's financial position**

### **Non-current assets**

The Group's non-current assets comprised plant and equipment and investment in an associate. Non-current assets increased by \$10.58 million. Plant and equipment increased by \$0.47 million due to the purchases of plant and equipment by our subsidiary Stem Med Pte Ltd. ("**Stem Med**"). Our investment in associate is \$10.11 million.



### **Current assets**

Current assets comprised trade and other receivables, cash and cash equivalents and prepaid operating expenses. Current assets decreased by \$13.84 million. Trade and other receivables decreased by \$2.43 million due to payment received from trade debtors. The decrease in cash and cash equivalents of \$11.43 million was mainly due to payment of dividends to shareholders. Prepaid operating expenses increased by \$0.02 million.

### **Current liabilities**

Current liabilities comprised trade and other payables, accrued operating expenses and income tax payable. Current liabilities decreased by \$1.31 million. This decrease was mainly due to decrease in income tax payable for Q3 2015 of \$2.03 million due to payment of 2014 income tax in 2015 offset by income tax provision in respect of the first three quarters of 2015.

### **Equity attributable to owners of the Company**

The decrease was mainly attributable to share of results of associate, dividends paid to shareholders offset by profits earned during the year.

### **Non-controlling interests**

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

### **Review of the Group's cash flow**

#### **Operating activities**

In Q3 2015, net cash flows from operating activities amounted to \$8.18 million. This comprised operating cash flows before changes in working capital of \$10.89 million, net changes in working capital of \$1.21 million, interest received of \$0.10 million, less income tax paid of \$4.02 million. The net decrease in working capital of \$1.21 million was mainly due to decrease in trade and other receivables of \$0.50 million and increase in trade and other payables and accrued operating expenses of \$0.71 million.

#### **Investing activities**

Net cash used in investing activities was \$0.02 million and was attributable to purchases of plant and equipment by Stem Med.

#### **Financing activities**

Net cash used in financing activities was \$14.85 million and this was for the payment of interim dividends to shareholders declared in second quarter.

#### **Net decrease in cash and cash equivalents**

The above resulted in a net decrease in cash and cash equivalents of \$6.69 million. Cash and cash equivalents totalled \$39.46 million as at 30 September 2015.

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 continually facing pressure on revenue from the appreciation of the Singapore dollar vis-à-vis the currencies 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**

The company does not recommend or declare any dividend for the third quarter ended 30 September 2015.

**(b) (i) Amount per share**

Not applicable

**(ii) Previous corresponding period**

Not applicable

**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)**

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 pm) 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 third quarter ended 30 September 2015.

- 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	Amount Utilised	Amount Unutilised
	\$'000	\$'000	\$'000
Expanding repertoire of talent pool / healthcare services	10,381	6,404 <sup>(1)</sup>	3,977
Overseas expansion / improving quality of medical services	6,920	6,920 <sup>(2)</sup>	0
<b>Total</b>	<b>17,301</b>	<b>13,324</b>	<b>3,977</b>

<sup>(1)</sup> Comprised investments in Stem Med and HKIOC of \$1.80 million and \$4.60 million <sup>(2)</sup> respectively

<sup>(2)</sup> Total investment in HKIOC 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 September 2015 to be false or misleading in any material aspect.

#### BY ORDER OF THE BOARD

Ang Peng Tiam  
Chief Executive Officer  
5 November 2015

*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*