



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

FULL 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 INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	<u>31/12/2016</u>	<u>31/12/2015</u>	<u>Increase/ (decrease)</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Revenue	41,580	30,967	34.3
Cost of sales	(26,675)	(21,302)	25.2
Gross profit	14,905	9,665	54.2
Financial income	12	42	(71.4)
Other income	85	227	(62.6)
Gain on remeasuring previously held equity interest in joint venture entity to fair value on business combination	1,612	-	100.0
Other losses – Refer to (i)	(881)	-	100.0
Distribution and selling expenses	(2,466)	(1,969)	25.2
Administrative expenses	(9,754)	(7,483)	30.3
Financial expenses	(116)	(75)	54.7
Share of results of joint venture entities	(354)	(364)	(2.7)
Profit before tax	3,043	43	6,976.7
Income tax (expense)/credit	(169)	157	N.M
Profit for the year	2,874	200	1,337.0
Other comprehensive income			
Foreign currency translation	12	(31)	N.M
Total comprehensive income for the year	2,886	169	1,607.7
Profit/(Loss) attributable to:			
Owners of the Company	2,423	(148)	N.M
Non-controlling interests	451	348	29.6
	2,874	200	1,337.0
Total comprehensive income attributable to:			
Owners of the Company	2,435	(179)	N.M
Non-controlling interests	451	348	29.6
	2,886	169	1,607.7

N.M. – Not meaningful

Notes to the Consolidated Income Statement

	<u>31/12/2016</u> S\$'000	<u>31/12/2015</u> S\$'000	<u>Increase/ (decrease)</u> %
(i) Other Losses			
Impairment loss on property, plant and equipment	52	-	100.0
Impairment loss on amounts due from joint ventures	408	-	100.0
Impairment loss on investment in joint ventures	384	-	100.0
Loss on dilution of interest in joint venture entity	16	-	100.0
Loss on liquidation of subsidiary	21	-	100.0
	<u>881</u>	<u>-</u>	
(ii) Profit for the year is determined after charging/(crediting) the following:			
Depreciation and amortisation	1,363	1,059	28.7
Operating lease expenses	3,232	2,714	19.1
Personnel expenses	12,912	10,596	21.9
Loss/(Gain) on disposal of property, plant and equipment	2	(79)	N.M
Impairment loss on property, plant and equipment	52	-	100.0
Impairment loss on trade receivables	-	34	(100.0)
Impairment loss on amounts due from joint ventures	408	-	100.0
Impairment loss on investment in joint ventures	384	-	100.0
Share-based compensation expense	136	117	16.2
Gain on remeasuring previously held equity interest in joint venture entity to fair value on business combination	(1,612)	-	100.0
Loss on dilution of interest in joint venture entity	16	-	100.0
Loss on liquidation of subsidiary	21	-	100.0
Over provision of income tax in respect of prior years	-	(65)	(100.0)
	<u>-</u>	<u>(65)</u>	<u>(100.0)</u>

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>	
	31/12/2016 S\$'000	31/12/2015 S\$'000	31/12/2016 S\$'000	31/12/2015 S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	7,350	2,628	78	41
Intangible assets	9,593	-	-	-
Investment in subsidiaries	-	-	14,065	1,642
Investment in joint ventures	1,589	2,601	1,624	2,989
Other receivables	887	370	644	369
Deferred tax assets	722	500	170	-
	<u>20,141</u>	<u>6,099</u>	<u>16,581</u>	<u>5,041</u>
Current assets				
Inventories	1,126	1,073	-	-
Trade receivables	3,460	1,364	-	-
Prepayments	517	309	320	81
Other receivables	1,376	880	80	386
Due from related companies	-	-	9,558	8,410
Cash and cash equivalents	7,824	6,465	1,329	3,280
	<u>14,303</u>	<u>10,091</u>	<u>11,287</u>	<u>12,157</u>
Total assets	<u>34,444</u>	<u>16,190</u>	<u>27,868</u>	<u>17,198</u>
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	1,841	1,298	2	2
Other payables and accruals	4,437	2,350	428	300
Due to related companies	-	-	3,685	3,947
Obligations under finance leases	880	64	-	-
Loans and borrowings	608	1,008	608	1,008
Income tax payable	400	7	-	-
	<u>8,166</u>	<u>4,727</u>	<u>4,723</u>	<u>5,257</u>
Net current assets	6,137	5,364	6,564	6,900
Non-current liabilities				
Obligations under finance leases	1,502	44	-	-
Loans and borrowings	573	261	573	261
Provisions	270	191	15	15
Deferred tax liabilities	7	5	-	-
	<u>2,352</u>	<u>501</u>	<u>588</u>	<u>276</u>
Total liabilities	<u>10,518</u>	<u>5,228</u>	<u>5,311</u>	<u>5,533</u>
Net assets	<u>23,926</u>	<u>10,962</u>	<u>22,557</u>	<u>11,665</u>
<u>Equity attributable to owners of the Company</u>				
Share capital	29,197	18,705	29,197	18,705
Share option reserve	325	189	325	189
Foreign currency translation reserve	(19)	(31)	-	-
Accumulated losses	(6,216)	(8,552)	(6,965)	(7,229)
	<u>23,287</u>	<u>10,311</u>	<u>22,557</u>	<u>11,665</u>
Non-controlling interests	639	651	-	-
Total equity	<u>23,926</u>	<u>10,962</u>	<u>22,557</u>	<u>11,665</u>
Total equity and liabilities	<u>34,444</u>	<u>16,190</u>	<u>27,868</u>	<u>17,198</u>

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

Amount repayable in one year or less, or on demand

At 31/12/2016		At 31/12/2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
880	608	64	1,008

Amount repayable after one year

At 31/12/2016		At 31/12/2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,502	573	44	261

Details of any collateral

Obligations under finance leases

Obligations under finance leases amounting to S\$2,382,000 (31/12/2015: S\$108,000) are secured by the Group's medical equipment with carrying amount of approximately S\$3,286,000 (31/12/2015: S\$159,000).

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

	31/12/2016 S\$'000	31/12/2015 S\$'000
Profit before tax	3,043	43
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	1,363	1,059
Share-based compensation expense	136	117
Impairment loss on property, plant and equipment	52	-
Impairment loss on trade receivables	-	34
Impairment loss on amounts due from joint ventures	408	-
Impairment loss on investment in joint ventures	384	-
Interest income	(12)	(42)
Interest expense	116	75
Loss/(Gain) on disposal of property, plant and equipment	2	(79)
Gain on remeasuring previously held equity interest in joint venture entity to fair value on business combination	(1,612)	-
Loss on dilution of interest in joint venture entity	16	-
Loss on liquidation of subsidiary	21	-
Share of results of joint venture entities	354	364
Total adjustments	1,228	1,528
Operating profit before working capital change	4,271	1,571
<u>Change in working capital</u>		
Decrease/(increase) in:		
Inventories	(60)	(72)
Trade and other receivables	(665)	(715)
Prepayments	(205)	(55)
Increase/(decrease) in:		
Trade payables	416	(496)
Other payables and accruals	879	160
Total change in working capital	365	(1,178)
Cash flow generated from operations	4,636	393
Interest received	12	42
Interest paid	(116)	(75)
Net cash flows generated from operating activities	4,532	360
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,126)	(1,516)
Proceeds from disposal of property, plant and equipment	25	79
Net cash inflow from acquisition of subsidiaries	446	-
Net cash outflow from liquidation of subsidiary	(28)	-
Investment in joint venture entities	(1,857)	(2,522)
Proceeds from disposal of joint venture entity	-	100
Net cash flows used in investing activities	(2,540)	(3,859)

	31/12/2016	31/12/2015
	S\$'000	S\$'000
Cash flows from financing activities		
Dividends paid to non-controlling interests	(160)	(150)
Proceeds from issuance of shares	285	3,839
Share issuance expenses	(136)	(374)
Proceeds from loan from joint venture entity	172	-
Proceeds from loans and borrowings	500	-
Repayment of loans and borrowings	(668)	(538)
Repayment under finance leases	(626)	(79)
Deposit pledged for bank facility	-	(25)
Net cash flows (used in)/generated from financing activities	<u>(633)</u>	<u>2,673</u>
Net increase/(decrease) in cash and cash equivalents	1,359	(826)
Cash and cash equivalents at the beginning of financial year	6,440	7,266
Cash and cash equivalents at the end of financial year	<u>7,799</u>	<u>6,440</u>

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

	31/12/2016	31/12/2015
	S\$'000	S\$'000
Cash and cash equivalents as stated in the consolidated balance sheet	7,824	6,465
Less: Deposit pledged for bank facility	(25)	(25)
Cash and cash equivalents as stated in the consolidated statement of cash flow	<u>7,799</u>	<u>6,440</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

	Attributable to owners of the Company					Non-controlling interests	Total equity
	Share capital	Share option reserve	Foreign currency translation reserve	Accumulated losses	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		
At 1 January 2016	18,705	189	(31)	(8,552)	10,311	651	10,962
Profit for the year	-	-	-	2,423	2,423	451	2,874
Foreign currency translation differences	-	-	12	-	12	-	12
Total comprehensive income for the year	-	-	12	2,423	2,435	451	2,886
Issue of shares	285	-	-	-	285	-	285
Share issuance expenses	(136)	-	-	-	(136)	-	(136)
Share-based compensation expense	-	136	-	-	136	-	136
Dividends on ordinary shares	-	-	-	-	-	(460)	(460)
Acquisition of subsidiary	10,343	-	-	-	10,343	71	10,414
Acquisition of non-controlling interests without a change in control	-	-	-	(87)	(87)	(74)	(161)
At 31 December 2016	29,197	325	(19)	(6,216)	23,287	639	23,926
At 1 January 2015	15,240	72	-	(8,404)	6,908	453	7,361
Profit for the year	-	-	-	(148)	(148)	348	200
Foreign currency translation differences	-	-	(31)	-	(31)	-	(31)
Total comprehensive income for the year	-	-	(31)	(148)	(179)	348	169
Issue of shares	3,839	-	-	-	3,839	-	3,839
Share issuance expenses	(374)	-	-	-	(374)	-	(374)
Share-based compensation expense	-	117	-	-	117	-	117
Dividends on ordinary shares	-	-	-	-	-	(150)	(150)
At 31 December 2015	18,705	189	(31)	(8,552)	10,311	651	10,962

Company**At 1 January 2016**

Total comprehensive income for the year

Issue of shares

Share issuance expenses

Share-based compensation expense

Acquisition of subsidiary

At 31 December 2016**At 1 January 2015**

Total comprehensive income for the year

Issue of shares

Share issuance expenses

Share-based compensation expense

At 31 December 2015

	Share capital	Share option reserve	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2016	18,705	189	(7,229)	11,665
Total comprehensive income for the year	-	-	264	264
Issue of shares	285	-	-	285
Share issuance expenses	(136)	-	-	(136)
Share-based compensation expense	-	136	-	136
Acquisition of subsidiary	10,343	-	-	10,343
At 31 December 2016	29,197	325	(6,965)	22,557
At 1 January 2015	15,240	72	(7,335)	7,977
Total comprehensive income for the year	-	-	106	106
Issue of shares	3,839	-	-	3,839
Share issuance expenses	(374)	-	-	(374)
Share-based compensation expense	-	117	-	117
At 31 December 2015	18,705	189	(7,229)	11,665

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.

Share capital

	2016		2015	
	No. of shares '000	S\$'000	No. of shares '000	S\$'000
<u>Issued and fully paid ordinary shares</u>				
At 1 January	276,029	18,705	250,935	15,240
Issued for Rights Issue (note 1)	-	-	25,094	3,839
Share issuance expense (note 2)	-	(136)	-	(374)
Issued for acquisition of subsidiary (note 3)	33,363	10,343	-	-
Issued upon exercise of share options (note 4)	1,641	285	-	-
At 31 December	311,033	29,197	276,029	18,705

Note 1

The Company had on 9 December 2014 lodged an Offer Information Statement with Singapore Exchange Securities Trading Limited (the "SGX-ST"), acting as agent on behalf of the Monetary Authority of Singapore, for the renounceable non-underwritten rights issue of up to 25,093,500 new ordinary shares in the issue share capital of the Company, at an issue price of S\$0.153 for each rights share, on the basis of one (1) rights share for every ten (10) existing ordinary shares in the issued share capital of the Company held by entitled shareholders as at the books closure date (the "Rights Issue"). Following the allotment and issuance of the right shares pursuant to the Rights Issue on 13 January 2015, the Company received a net proceed of S\$3.6 million. The number of issue shares of the Company increased from 250,935,000 to 276,028,500.

Note 2

The share issuance expenses recognised in 2016 were incurred for the issuance of shares for acquisition of subsidiary (refer to note 3) while those of 2015 were incurred for the Rights Issue (refer to note 1) and the Placement (as announced via SGXNET on 4 November 2014).

Note 3

The Company had on 9 September 2016 issued a total of 33,363,282 ordinary shares to 8 individuals, Dr. Beng Teck Liang, Mr. Cheng Yong Liang, Ms. Chong Wei Wen, Dr. John Huang Yung Shui, Mr. Ong Wee Song, Dr. Kenneth Sheah Ban Joo, Mr. Tony Tan Choon Keat and Dr. Wong Seng Weng (collectively, the "Vendors"), pursuant to the sale and purchase agreement dated 5 August 2016 between the Company and the Vendors, to acquire the remaining 61.9% equity interest in Lifescan Imaging Pte. Ltd. Upon the completion of the acquisition, Lifescan Imaging Pte. Ltd. became a wholly-owned subsidiary of the Company.

Note 4

The Company issued 1,641,000 ordinary shares following the exercise of share options under the SMG Share Option Scheme during the financial year ended 31 December 2016.

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 year, the Company granted a total of 6,960,000 (2015: 555,000) share options to employees under the SSOS and released the announcement via SGXNET on 22 September 2016, of which 6,840,000 (2015: 555,000) share options were accepted by employees. As at 31 December 2016, the number of shares that may be issued on conversion of all the outstanding share options was 10,404,000 (31/12/2015: 5,265,000).

The movement of share options of the Company during the financial year is as follows:

Date of grant of options	Exercise price per share	Options outstanding at 01/01/2016	Options granted	Options exercised	Options forfeited/expired	Options outstanding at 31/12/2016	Expiry date
12/05/2014	S\$0.173	4,050,000	-	(1,016,000)	-	3,034,000	11/05/2019
20/08/2014	S\$0.185	660,000	-	(440,000)	(60,000)	160,000	19/08/2019
10/07/2015	S\$0.145	555,000	-	(185,000)	-	370,000	09/07/2020
22/09/2016	S\$0.303	-	6,840,000	-	-	6,840,000	21/09/2021
		<u>5,265,000</u>	<u>6,840,000</u>	<u>(1,641,000)</u>	<u>(60,000)</u>	<u>10,404,000</u>	

Save as disclosed above, there were no other outstanding options and convertibles as at 31 December 2016 and 31 December 2015.

There were no treasury shares held by the Company as at 31 December 2016 and 31 December 2015.

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.

	<u>As at 31/12/2016</u>	<u>As at 31/12/2015</u>
Total number of issued shares (excluding treasury shares)	<u>311,032,782</u>	<u>276,028,500</u>

There were no treasury shares as at 31 December 2016 and 31 December 2015

As at 27 February 2017, the number of issued shares (excluding treasury shares) is 392,143,092.

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

Not applicable. There were no treasury shares during and as at the end of the current financial period reported on.

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 2015.

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 2016. 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 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	
	31/12/2016	31/12/2015
Net profit/(loss) attributable to the owners of the Company (S\$'000)	2,423	(148)
Earnings/(Loss) per share (cents per share)		
- Basic	0.84	(0.05)
- Diluted	0.84	(0.05)

The basic earnings per share for the financial year ended 31 December 2016 is calculated by dividing the net profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue of 286,945,151. The diluted earnings per share for the financial year ended 31 December 2016 is calculated by dividing the net profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue of 287,696,149. 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 loss per share for the financial year ended 31 December 2015 is calculated by dividing the net loss for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue of 275,134,759. Share options granted to the employees under the existing employee share option plan have not been included in the calculation of diluted loss per share because they are anti-dilutive. The basic and diluted loss per share are the same as there were no potential dilutive ordinary shares as at 31 December 2015.

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	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Net asset value per ordinary share (cents)	7.49	3.74	7.25	4.23

Net asset value per ordinary share is calculated based on 311,032,782 and 276,028,500 ordinary shares outstanding as at 31 December 2016 and 31 December 2015, 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 financial year ended 31 December 2016 ("**FY2016**"), the Group's revenue increased by 34.3% from S\$31.0 million for the financial year ended 31 December 2015 ("**FY2015**") to S\$41.6 million. The increase was mainly due to the increase in revenue of Health Business segment by S\$7.3 million and Diagnostic & Aesthetics Business segment by S\$3.3 million which mainly arises from the subsidiaries, Novena Radiology Pte. Ltd. ("**NRPL**") and Lifescan Imaging Pte. Ltd. ("**LSI**"), acquired in FY2016. As a result of the acquisitions, NRPL and LSI were consolidated into the Group from 1 April 2016 and 9 September 2016 respectively.

Gross profit increased by 54.2% from S\$9.7 million for FY2015 to S\$14.9 million for FY2016 as a result of increase in revenue. Gross profit margin increased by five percentage points from 31% in FY2015 to 36% in FY2016 mainly due to improvement in profit margin of the Diagnostic & Aesthetics Business segment.

Other income decreased by 62.6% to S\$0.1 million as there was no gain from disposal of property, plant and equipment in FY2016.

Other gain relates to gain on remeasuring previously held equity interest in joint venture entity to fair value on business combination of S\$1.6 million. There was no such gain in FY2015.

Other losses comprise one-off items such as loss on liquidation of subsidiary of S\$21,000, impairment loss on property, plant and equipment of S\$52,000, loss on dilution of interest in joint venture entity of S\$16,000, impairment loss on amounts due from joint venture entities of S\$0.4 million and impairment loss on investment in joint ventures of S\$0.4 million. There were no such losses in FY2015.

Distribution and selling expenses increased by 25.2% from S\$2.0 million for FY2015 to S\$2.5 million for FY2016 driven by increase in revenue and marketing activities.

Administrative expenses increased by 30.3% from S\$7.5 million for FY2015 to S\$9.8 million for FY2016. This is mainly due to increase in staff headcount with the acquisition of NRPL and LSI in FY2016 (the "**Acquisitions**") and opening of a new clinic in the fourth quarter of FY2016, and a higher depreciation charged for the financial year resulting from the Acquisitions.

Financial expenses increased by 54.7% from S\$75,000 for FY2015 to S\$116,000 for FY2016 mainly due to the Acquisitions resulting in an increase in interest expense.

The share of loss of joint venture entities of approximately S\$354,000 in FY2016 arises from its investments in PT Ciputra SMG ("**PTCS**"), SMG Leaders Pte. Ltd. ("**SMGL**"), LSI (prior to the entity being acquired and becoming a wholly-owned subsidiary), 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 LSI. In FY2015, the Group recorded share of loss of joint venture entities of S\$364,000 from its investments in PTCS, SMGL and LSI.

The Group had income tax expense of S\$0.2 million in FY2016 as compared to income tax credit S\$0.2 million in FY2015. The income tax expense for FY2016 is due to the income tax provision made with the increase in profits, offset by the recognition of deferred tax assets relating to unutilised capital allowances and tax losses.

Consolidated Balance Sheet

Non-current assets increased by S\$14.0 million from S\$6.1 million as at 31 December 2015 to S\$20.1 million as at 31 December 2016, mainly due to:

- (a) Increase in property, plant and equipment of S\$4.7 million arising from the Acquisitions and new assets additions, offset by depreciation charged for the financial year;
- (b) Increase in intangible assets of S\$9.6 million comprising of goodwill arising from the Acquisitions;
- (c) Increase in non-current other receivables of S\$0.5 million; and
- (d) Increase in deferred tax assets of S\$0.2 million.

The increase is offset by decrease in investment in joint ventures mainly arising from: (i) the acquisition of the remaining 61.9% equity interest in LSI (not owned by the Company) in September 2016 resulting in LSI becoming a wholly-owned subsidiary of the Company; (ii) impairment loss of S\$0.4 million recognised in FY2016 for the Group's investment in SMGL and PTCS; and (iii) net loss of S\$0.4 million recorded for the investments, offset by the setting up of 2 new joint venture entities, SMGC and SMGIV, amounting to S\$50,000 and S\$1.2 million respectively in FY2016.

Current assets increased by S\$4.2 million from S\$10.1 million as at 31 December 2015 to S\$14.3 million as at 31 December 2016. The increase is mainly due to increase in trade receivables, other receivables, prepayments, and cash and cash equivalents of S\$2.1 million, S\$0.5 million, S\$0.2 million and S\$1.4 million respectively.

Current liabilities increased by S\$3.4 million from S\$4.7 million as at 31 December 2015 to S\$8.2 million as at 31 December 2016, mainly due to:

- (a) Increase in trade payables, and other payables and accruals of S\$0.5 million and S\$2.1 million respectively;
- (b) Increase in current portion of obligations under finance leases of S\$0.8 million arising from the Acquisitions and the purchase of a new medical equipment under finance lease in FY2016; and
- (c) Increase in income tax payable of S\$0.4 million.

The increase is offset by decrease in loans and borrowings of S\$0.4 million due to the repayment of a short-term bank loan in FY2016.

Non-current liabilities increased by S\$1.9 million from S\$0.5 million as at 31 December 2015 to S\$2.4 million as at 31 December 2016, mainly due to the increase in obligations under finance leases of S\$1.5 million arising from the Acquisitions and the purchase of a new medical equipment under finance lease in FY2016, increase in provision for reinstatement costs of S\$0.1 million and increase in loans and borrowings of S\$0.3 million arising from a new bank loan obtained in FY2016, offset by repayment made during the financial year.

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\$4.5 million arises mainly from the operating profit before working capital changes of S\$4.2 million and the inflow of working capital of S\$0.4 million, offset by the interest paid of S\$0.1 million.

Net cash flows used in investing activities of S\$2.5 million were mainly attributed to the acquisition of property, plant and equipment and investment in joint venture entities namely SMGC and SMGIV, offset by the net cash inflow from acquisition of subsidiaries namely NRPL and LSI.

Net cash flows used in financing activities of S\$0.6 million were mainly from the repayment of loans and borrowings and finance leases of S\$0.7 million and S\$0.6 million respectively, payment of dividends to non-controlling interests of S\$0.2 million and share issuance expenses of S\$0.1 million, offset by proceeds from share issuance following the exercise of share options under SSOS of S\$0.3 million, proceeds from loan from a joint venture entity of S\$0.2 million and loans and borrowings of S\$0.5 million.

Cash and cash equivalents was S\$7.8 million as at 31 December 2016, compared to S\$6.4 million as at 31 December 2015.

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.

Against the backdrop of economic uncertainties and an unfavourable business environment, the Group is able to execute and thrive both through organic growth, and merger and acquisitions. However, consumer discretionary spending is expected to drop which in turn will affect elective medical services such as aesthetics.

The Group expanded its Diagnostic business in 2016 with the acquisition of NRPL and LSI. The Group also commenced a new cardiac monitoring and reporting service through a joint venture with Cardioscan Services Pty Ltd. The expansion consolidates the Group's market position in the Diagnostic business and promotes cross-selling opportunities within the Group's network.

On 8 February 2017, the Group completed the acquisition of the Astra Women's Specialist Group, a chain of 7 obstetrics and gynecology clinics, with a strong track record in women's health. With a profit guarantee of S\$4.6 million per year over the next five years, the acquisition will be a major contributor to the Group's net profit going forward.

Overseas, the Group ventured into Vietnam in January 2017 through a joint venture with CityClinic Asia Investments Pte Ltd to tap into the immense potential of the healthcare market in Vietnam. This investment into Vietnam, which includes two clinics in Ho Chi Minh City, is not expected to have a significant impact on the Group's financial statements until the completion of its ramp-up phase. The Group will also pursue strategic near-term projects with CHA Healthcare Co., Ltd. in Singapore, Vietnam and other key markets across Southeast Asia.

Moving forward, the Group will continue to drive organic growth from its existing businesses. In addition, the Group will explore value-driven investment opportunities that are synergistic and enhance shareholder's value.

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 FY2016.

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 in FY2016 is disclosed below.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review	
	31/12/2016 S\$'000	31/12/2015 S\$'000
K S Beng Pte Ltd - Rental (Note 1)	157	163
MW Medical Holdings Pte Ltd - Rental	184	62
MW Medical Pte Ltd - Nursing services	8	2
BB Ventures Pte Ltd - Rental	42	-
International Cancer Specialists Pte Ltd - Medical services	-	254

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).

Not applicable as it is not required for announcement on full year results.

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 Placement and Rights Issue

Placement

The net proceeds from the Placement, which was completed on 14 November 2014 was approximately S\$4.2 million, and the Company had fully utilised the proceeds as at 27 February 2017. The utilisation of the proceeds is as follows:

	Actual S\$ million	Intended S\$ million
Net proceeds	4.2	4.2
Less:		
(i) Expansion of the Company's aesthetic business	(1.5)	(1.5)
(ii) Potential growth and acquisition opportunities	(2.7)	(2.7)
Balance as at 27 February 2017	<u>-</u>	

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 Placement as stated in the announcement dated 4 January 2017.

Rights Issue

The net proceeds from the Rights Issue (refer to paragraph 1(d)(ii)), which was completed on 13 January 2015 was approximately S\$3.6 million, out of which the following amount had been utilised as at 27 February 2017:

	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	(1.7)	(2.0)
(iii) Potential growth and acquisition	(1.3)	(1.3)
Balance as at 27 February 2017	<u>0.3</u>	

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.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

17. **Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

<u>2016</u>	<u>Health</u> S\$'000	<u>Diagnostic & Aesthetics</u> S\$'000	<u>Others</u> S\$'000	<u>Adjustment and Elimination</u> S\$'000	<u>Total</u> S\$'000
Revenue:					
External customers	29,897	11,224	459	-	41,580
Inter-segment	531	480	659	(1,670)	-
Total revenue	30,428	11,704	1,118	(1,670)	41,580
Segment results:					
Segment gross profit	8,971	5,652	933	(651)	14,905
Depreciation and amortisation	(373)	(941)	(49)	-	(1,363)
Share based compensation	(55)	-	(81)	-	(136)
Impairment loss on property, plant and equipment	(52)	-	-	-	(52)
Impairment loss on amounts due from joint ventures	(41)	(251)	(116)	-	(408)
Impairment loss on investment in joint ventures	-	(384)	-	-	(384)
Financial income	-	-	12	-	12
Financial expenses	-	(60)	(56)	-	(116)
Loss on liquidation of subsidiary	(21)	-	-	-	(21)
Gain on remeasuring previously held equity interest in joint venture entity to fair value on business combination	-	1,612	-	-	1,612
Loss on dilution of interest in joint venture entity	-	16	-	-	(16)
Share of result of joint venture entities	-	(352)	(2)	-	(354)
Unallocated expenses, net					(10,636)
Profit before tax					3,043
<u>2015</u>					
Revenue:					
External customers	22,151	8,506	310	-	30,967
Inter-segment	366	49	334	(749)	-
Total revenue	22,517	8,555	644	(749)	30,967
Segment results:					
Segment gross profit	6,042	3,517	439	(333)	9,665
Depreciation and amortisation	(500)	(501)	(58)	-	(1,059)
Share based compensation	-	-	(117)	-	(117)
Impairment loss on trade receivables	(30)	(4)	-	-	(34)
Financial income	-	-	42	-	42
Financial expenses	-	(14)	(61)	-	(75)
Share of result of joint venture entity	82	(446)	-	-	(364)
Unallocated expenses, net					(8,015)
Profit before tax					43

18. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Refer to paragraph 8 for further details.

19. A breakdown of sales

	Group			
	FY2016	FY2015	Increase/(decrease)	
	S\$'000	S\$'000	S\$'000	%
Sales reported for first half year	19,473	14,586	4,887	34
Operating profit/(loss) after tax before deducting minority interest for first half year	830	(64)	894	N.M
Sales reported for second half year	22,107	16,381	5,726	35
Operating profit after tax before deducting minority interest for second half year	2,044	264	1,780	674

20. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

No dividends were declared for FY2015 and FY2016.

21. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10).

The information pursuant to Rule 704 (10) on persons occupying managerial positions in the Company or any of its principal subsidiaries who are related to a director or chief executive officer or substantial shareholder of the Company is as follows:

Name	Age	Remuneration/ Professional fees (S\$'000)	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Dr Jimmy Beng Keng Siew	73	299 ^(a)	Father of Dr Beng Teck Liang (Executive Director and Chief Executive Officer)	Medical Director of the urology practice Responsible for performing clinical duties associated with the urology practice and attending to patients since 2014.	None

Note:

(a) The professional fee paid is on a fee sharing basis as provided in the agreement between the Group and Dr Jimmy Beng.

BY ORDER OF THE BOARD

Dr Beng Teck Liang
Chief Executive Officer

27 February 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.

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