



TALKMED GROUP LIMITED
(Company Registration No. 201324565Z)

FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2014.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1) 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 are pleased to announce the unaudited consolidated results of the Group for the first quarter ended 31 March 2014 ("Q1 2014").

| | Q1 2014 | Q1 2013 | Increase / |
|---|----------------|----------------|-------------------|
| | \$'000 | \$'000 | (Decrease) |
| | (Unaudited) | (Unaudited) | % |
| Revenue | 14,444 | 12,719 | 13.5 |
| Other items of income | | | |
| Other income | 61 | 4 | 1425.0 |
| Other items of expense | | | |
| Employee benefits | (3,241) | (2,691) | 20.4 |
| Operating lease expenses | (182) | (72) | 152.8 |
| Other operating expenses | (113) | (921) | (87.7) |
| Profit before tax | 10,969 | 9,039 | 21.4 |
| Income tax expense | (1,802) | (1,683) | 7.1 |
| Profit for the year representing total comprehensive income for the year attributable to owners of the company | 9,167 | 7,356 | 24.6 |

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

| The Group | Q1 2014 \$'000 (Unaudited) | Q1 2013 \$'000 (Unaudited) | Increase / (Decrease) % |
|---|----------------------------------|----------------------------------|-------------------------------|
| Depreciation of property, plant and equipment | 8 | - | N.M |
| IPO expenses | (93) | - | 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 | |
|---|-------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
| | 31.03.2014 \$'000 (Unaudited) | 31.12.2013 \$'000 (Audited) | 31.03.2014 \$'000 (Unaudited) | 31.12.2013 \$'000 (Audited) |
| ASSETS | | | | |
| Non-current assets | | | | |
| Plant and equipment | 49 | 53 | - | - |
| Investment in subsidiaries | - | - | 2,312 | 2,312 |
| | 49 | 53 | 2,312 | 2,312 |
| Current assets | | | | |
| Trade and other receivables | 6,687 | 7,474 | 73 | 519 |
| Cash and cash equivalents | 45,953 | 24,893 | 31,464 | 1 |
| | 52,640 | 32,367 | 31,537 | 520 |
| Total assets | 52,689 | 32,420 | 33,849 | 2,832 |
| EQUIY AND LIABILITIES | | | | |
| Current liabilities | | | | |
| Trade payables | 4 | - | - | - |
| Other payables | 1,085 | 8,028 | - | - |
| Accrued operating expense | 760 | 4,478 | 140 | 2,026 |
| Amount due to a subsidiary | - | - | 1,779 | 1,293 |
| Amount owing to related parties | 19 | 21 | - | - |
| Income tax payable | 8,892 | 7,091 | - | - |
| | 10,760 | 19,618 | 1,919 | 3,319 |
| Net current assets / (liabilities) | 41,880 | 12,749 | 29,618 | (2,799) |
| Net assets / (liabilities) | 41,929 | 12,802 | 31,930 | (487) |
| Equity attributable to owners of the Company | | | | |
| Share capital | 22,273 | 2,313 | 22,273 | 2,313 |
| Merger reserve | (2,311) | (2,311) | - | - |
| Retained earnings | 21,967 | 12,800 | 9,657 | (2,800) |
| Total equity | 41,929 | 12,802 | 31,930 | (487) |
| Total equity and liabilities | 52,689 | 32,420 | 33,849 | 2,832 |

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.

| | Q1 2014 \$'000 (Unaudited) | Q1 2013 \$'000 (Unaudited) |
|---|----------------------------------|----------------------------------|
| Cash Flows from Operating Activities | | |
| Profit before tax | 10,969 | 9,039 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 8 | - |
| Operating cash flows before working capital changes | <u>10,977</u> | <u>9,039</u> |
| <u>Changes in working capital</u> | | |
| Decrease/(increase) in trade and other receivables | 787 | (692) |
| Decrease in trade and other payables | (6,941) | (760) |
| Increase/(decrease) in accrued operating expenses | (3,718) | 1,831 |
| Net changes in working capital | <u>(9,872)</u> | <u>379</u> |
| Cash flows from operations | 1,105 | 9,418 |
| Income tax paid | (1) | - |
| Net cash flows from operating activities | <u>1,104</u> | <u>9,418</u> |
| Cash Flows from Investing Activities | | |
| Purchase of plant and equipment | (4) | - |
| Net cash used in investing activities | <u>(4)</u> | <u>-</u> |
| Cash Flows from Financing Activities | | |
| Dividends paid to the then existing shareholders of a company | - | (7,500) |
| Proceeds from share issuance | 19,960 | - |
| Net cash from/(used in) financing activities | <u>19,960</u> | <u>(7,500)</u> |
| Net increase in cash and cash equivalents | 21,060 | 1,918 |
| Cash and cash equivalents at 1 January | <u>24,893</u> | <u>16,752</u> |
| Cash and cash equivalents at 31 March | <u>45,953</u> | <u>18,670</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.**

Statement of Changes in Equity for Q1 2014

| The Group (Unaudited) | Share capital \$'000 | Merger reserves \$'000 | Retained earnings \$'000 | Total equity \$'000 |
|--|-------------------------------------|---------------------------------------|---|------------------------------------|
| Balance at 1 January 2014 | 2,313 | (2,311) | 12,800 | 12,802 |
| Proceeds from share issuance at IPO | 21,029 | - | - | 21,029 |
| IPO share issue expenses | (1,069) | - | - | (1,069) |
| Total comprehensive income for the period | - | - | 9,167 | 9,167 |
| Balance at 31 March 2014 | <u>22,273</u> | <u>(2,311)</u> | <u>21,967</u> | <u>41,929</u> |
| Balance at 1 January 2013 | 1 | - | 12,095 | 12,096 |
| Total comprehensive income for the period | - | - | 7,356 | 7,356 |
| Dividends paid to the then existing shareholders of a subsidiary | - | - | (7,500) | (7,500) |
| Balance at 31 March 2013 | <u>1</u> | <u>-</u> | <u>11,951</u> | <u>11,952</u> |
| | | | | |
| The Company ¹ (Unaudited) | Share capital \$'000 | Merger reserves \$'000 | Retained earnings \$'000 | Total equity \$'000 |
| Balance as at 1 January 2014 | 2,313 | - | (2,800) | (487) |
| Proceeds from share issuance at IPO | 21,029 | - | - | 21,029 |
| IPO share issue expenses | (1,069) | - | - | (1,069) |
| Total comprehensive income for the period | - | - | 12,457 | 12,457 |
| Balance at 31 March 2014 | <u>22,273</u> | <u>-</u> | <u>9,657</u> | <u>31,930</u> |

¹ There is no comparative statement of changes in equity for the Company for the prior year period as the Company was incorporated on 10 September 2013.

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.

| | Number of ordinary shares | Issued and paid- up share capital \$ |
|---|------------------------------|--|
| Ordinary shares as at 1 January 2014 | 552,000,000 | 2,313,356 |
| Issuance of shares on 30 January 2014, net of share issue expenses | 105,143,000 | 19,959,628 |
| Ordinary shares as at 31 March 2014 | <u>657,143,000</u> | <u>22,272,984</u> |

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 | |
|--|---------------------------|--------------------|
| | 31.03.2014 | 31.12.2013 |
| Total number of issued shares excluding treasury shares | <u>657,143,000</u> | <u>552,000,000</u> |

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 31 March 2014.

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

The financial statement on consolidated results for Q1 2014 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.

Accounting policies and methods of computation used in the consolidated financial statements for the quarter are consistent with those applied in the financial statements for the year ended 31 December 2013.

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.**

Not applicable

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

| The Group | 31.03.2014 | 31.03.2013 |
|--|-------------------|-------------------|
| Profit attributable to owners of the company (\$'000) | \$9,167 | \$7,356 |
| Weighted average number of ordinary shares used in the computation of basic and diluted earnings per share | 622,095,333 | 5,520 |
| Basic and fully diluted earnings per share | 1.47 cents | \$1,333 |
| Basic and fully diluted earnings per share adjusted for Restructuring Exercise and sub-division of shares pursuant to IPO ¹ | 1.47 cents | 1.33 cents |

Note:

¹ Earnings per share for Q1 2013 was computed after taking into account the 5,520 subscriber shares issued at incorporation and 551,994,480 shares issued in the Restructuring Exercise and subsequent sub-division of shares pursuant to the Company's IPO.

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.

| | The Group | | Company | |
|--|---------------------------|-------------------------|---------------------------|-------------------------|
| | 31.03.2014 (Unaudited) | 31.12.2013 (Audited) | 31.03.2014 (Unaudited) | 31.12.2013 (Audited) |
| Net assets value (\$'000) | 41,929 | 12,802 | 31,930 | (487) |
| Net assets per ordinary share at end of financial period (cents) | 6.38 | 2.32 | 4.86 | (0.09) |

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) **any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Performance Review

Revenue

Revenue grew by \$1.72 million or 13.5% from \$12.72 million in Q1 2013 to \$14.44 million in Q1 2014. This was due to increase in patient visits and increase in revenue from patients requiring higher intensity care.

Other items of income

Other item of income grew by \$56,832 or 1425.0% from \$3,844 in Q1 2013 to \$60,676 in Q1 2014. This was mainly due to receipt of Government-paid Child Care Leave of \$1,455 and Wage Credit Scheme of \$55,422 (the government co-funded 40% of wage increases given to employees who are Singapore citizens earning a gross monthly wage of up to \$4,000) received in Q1 2014.

Items of expense

Employee benefits

Employee benefits comprised remuneration paid to doctors, nurses as well as other medical and administrative support staff. These include salaries and wages, allowances, CPF contributions and staff benefits. Employee benefits increased by \$0.55 million or 20.4% from \$2.69 million in Q1 2013 to \$3.24 million in Q1 2014. The increase was mainly due to additional staff recruited to support growing business activities and the effect of staff hired in Q3 2013.

Operating leases

Operating lease expenses increased by \$0.11 million or 152.8% from \$0.07 million in Q1 2013 to \$0.18 million in Q1 2014 as a result of 3 new operating leases that were effected on 1 October 2013.

Other operating expense

Other operating expenses comprised mainly audit fees, professional and legal fees, directors' fees, travelling and insurance. Other operating expenses decreased by \$0.81 million or 87.7% from \$0.92 million in Q1 2013 to \$0.11 million in Q1 2014. This decrease was mainly due to \$0.90 million accrued in Q1 2013 for professional fees in respect of restructuring of the Company in preparation for our listing.

Profit before tax

The Group recorded a profit before tax of \$10.97 million in Q1 2014 compared to \$9.04 million in Q1 2013. The increase of \$1.93 million or 21.4% was mainly due mainly to higher revenue and lower operating expenses in Q1 2014 compared to Q1 2013.

Income Tax

Income tax expense increased by \$0.12 million or 7.1% from \$1.68 million in Q1 2013 to \$1.80 million in Q1 2014. The effective tax rate for Q1 2014 and Q1 2013 were 16.4% and 18.6% respectively. The higher tax rate in Q1 2013 was due to non-tax deductible expenses incurred in the period.

Review of the Group's financial position

Current assets

Current assets comprised mainly trade and other receivables and cash and cash equivalents. Current assets increased by \$20.27 million. The increase was mainly due to the increase in cash and cash equivalents from the IPO proceeds received.

Current liabilities

Current liabilities comprised mainly other payables, accrued operating expenses and income tax payable. Current liabilities decreased by \$8.86 million. Other payables and accrued operating expenses decreased by \$10.66 million due to payment of professional fees incurred in connection with the Company's IPO exercise. Income tax payable increased by \$1.80 million due to increase in tax payable for Q1 2014 and deferred payment of FY2013 taxes.

Equity attributable to owners of the Company

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

Review of the Group's cash flow

Cash flows from operating activities

In Q1 2014, net cash flows from operating activities amounted to \$1.10 million. This comprised operating cash flows before working capital changes of \$10.98 million less increase in working capital of \$9.87 million. The increase in working capital of \$9.87 million is mainly due to decreases in trade and other payables and accrued operating expenses of \$6.94 million and \$3.72 million respectively offset by decreases in trade and other receivables of \$0.79 million.

Cash flows from investing activities

Net cash used in investing activities was attributable to purchase of plant and equipment.

Cash flows from financing activities

Net cash from financing activities was \$19.96 million and is attributable to the net proceeds from the issuance of 105,143,000 ordinary shares at 20 cents each.

Net increase in cash and cash equivalent

The above resulted in net increase in cash and cash equivalents of \$21.06 million. Cash and cash equivalents totalled \$45.95 million as at 31 March 2014.

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 sustained to a large extent by the good economic performance of Singapore and countries in South East Asia. Continued economic stability of the region will enable the Group to maintain its level of profitability.

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**

No.

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

Not applicable

- (ii) Previous corresponding period**

Nil.

- (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 quarter ended 31 March 2014.

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

Pursuant to the IPO on 30 January 2014, the Company received net proceeds from the placement of new shares of \$17.3 million. The IPO proceeds have not been utilised as at the date of this announcement.

| Use of proceeds from the IPO | Amount allocated \$'000 | Amount Utilised \$'000 | Amount Unutilised \$'000 |
|--|----------------------------|---------------------------|-----------------------------|
| Expanding repertoire of talent pool/healthcare services | 10,381 | - | 10,381 |
| Overseas expansion/improving quality of medical services | 6,920 | - | 6,920 |
| Total | 17,301 | - | 17,301 |

15. Confirmation pursuant to Rule 705(5)

The Board of Directors hereby confirms that to the best of the 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 31 March 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Ang Peng Tiam
Chief Executive Officer
9 May 2014

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 Ms Joan Ling, Senior Vice President, Head of Corporate Finance. Telephone number: (65) 6415 9885 Email: joanling@hlf.com.sg