



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

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**FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2018**

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**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 (the “**Company**”) are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the first quarter ended 31 March 2018 (“**Q1 2018**”). The comparative period is the first quarter ended 31 March 2017 (“**Q1 2017**”) in this announcement.

	Q1 2018 \$'000 (Unaudited)	Q1 2017 \$'000 (Unaudited)	Increase / (Decrease) %
<b>The Group</b>			
<b>Revenue</b>	12,068	16,236	(25.7%)
<b>Other item of income</b>			
Interest income	74	61	21.3%
Other income	34	54	(37.0%)
<b>Other items of expense</b>			
Employee benefits expense	(3,948)	(4,373)	(9.7%)
Cost of share-based payments to employees	(134)	-	-
Operating lease expense	(434)	(400)	8.5%
Other operating expenses	(1,091)	(738)	47.8%
<b>Share of results of associate</b>	(219)	(549)	(60.1%)
<b>Profit before tax</b>	6,350	10,291	(38.3%)
Income tax expense	(1,292)	(1,905)	(32.2%)
<b>Profit for the period, representing total comprehensive income for the period</b>	<b>5,058</b>	<b>8,386</b>	<b>(39.7%)</b>
<b>Attributable to:</b>			
Owners of the Company	5,381	8,572	(37.2%)
Non-controlling interests	(323)	(186)	73.7%
<b>Total comprehensive income for the period</b>	<b>5,058</b>	<b>8,386</b>	<b>(39.7%)</b>

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

<b>The Group</b>	<b>Q1 2018 \$'000 (Unaudited)</b>	<b>Q1 2017 \$'000 (Unaudited)</b>	<b>Increase/ (Decrease) %</b>
Depreciation of plant and equipment	(120)	(77)	55.8%

**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.**

	<b>Group</b>		<b>Company</b>	
	<b>31/03/2018 \$'000 (Unaudited)</b>	<b>31/12/2017 \$'000 (Audited)</b>	<b>31/03/2018 \$'000 (Unaudited)</b>	<b>31/12/2017 \$'000 (Audited)</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Plant and equipment	650	674	-	-
Investment in subsidiaries	-	-	5,138	5,003
Investment in associate	4,322	4,541	11,524	11,524
Loan to a subsidiary	-	-	1,929	1,905
Prepaid operating expenses	9	9	-	-
	<b>4,981</b>	<b>5,224</b>	<b>18,591</b>	<b>18,432</b>
<b>Current assets</b>				
Inventories	227	167	-	-
Prepaid operating expenses	317	273	20	13
Trade and other receivables	5,788	8,641	15,087	15,041
Cash and short-term deposits	78,385	71,051	9,572	9,771
	<b>84,717</b>	<b>80,132</b>	<b>24,679</b>	<b>24,825</b>
<b>Total assets</b>	<b>89,698</b>	<b>85,356</b>	<b>43,270</b>	<b>43,257</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	1,365	1,581	270	29
Other liabilities	2,149	2,596	142	139
Income tax payable	7,118	7,326	-	23
	<b>10,632</b>	<b>11,503</b>	<b>412</b>	<b>191</b>
<b>Net current assets</b>	<b>74,085</b>	<b>68,629</b>	<b>24,267</b>	<b>24,634</b>
<b>Non-current liabilities</b>				
Other liabilities	78	73	-	-
Loan from non-controlling shareholder to a subsidiary	1,286	1,270	-	-
	<b>1,364</b>	<b>1,343</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>11,996</b>	<b>12,846</b>	<b>412</b>	<b>191</b>
<b>Net assets</b>	<b>77,702</b>	<b>72,510</b>	<b>42,858</b>	<b>43,066</b>

**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	
	31/03/2018 \$'000 (Unaudited)	31/12/2017 \$'000 (Audited)	31/03/2018 \$'000 (Unaudited)	31/12/2017 \$'000 (Audited)
<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)	-	-
Share-based payments reserve	480	346	480	346
Other reserve	2,006	2,006	-	-
Foreign currency translation reserve	(632)	(632)	-	-
Retained earnings	56,028	50,647	20,105	20,447
	<b>77,844</b>	<b>72,329</b>	<b>42,858</b>	<b>43,066</b>
Non-controlling interests	(142)	181	-	-
<b>Total equity</b>	<b>77,702</b>	<b>72,510</b>	<b>42,858</b>	<b>43,066</b>
<b>Total equity and liabilities</b>	<b>89,698</b>	<b>85,356</b>	<b>43,270</b>	<b>43,257</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.**

	Q1 2018 \$'000 (Unaudited)	Q1 2017 \$'000 (Unaudited)
<b>Operating Activities</b>		
Profit before tax	6,350	10,291
<u>Adjustments for:</u>		
Depreciation of plant and equipment	120	77
Cost of share-based payments	134	-
Finance costs on unwinding of discount adjustment in relation to loan to subsidiary	16	-
Interest income	(74)	(61)
Share of results of associate	219	549
<b>Operating cash flows before changes in working capital</b>	<b>6,765</b>	<b>10,856</b>

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 2018 \$'000 (Unaudited)	Q1 2017 \$'000 (Unaudited)
<b>Changes in working capital</b>		
Increase in inventories	(60)	(10)
Increase in prepaid operating expenses	(44)	(15)
Decrease/(increase) in trade and other receivables	2,730	(155)
Decrease in trade and other payables	(216)	(88)
Decrease in other liabilities	(442)	(429)
Net changes in working capital	<u>1,968</u>	<u>(697)</u>
<b>Cash flows from operations</b>	8,733	10,159
Interest received	197	219
Income tax paid	(1,500)	(1,755)
<b>Net cash flows from operating activities</b>	<u>7,430</u>	<u>8,623</u>
<b>Investing Activities</b>		
Purchase of plant and equipment	(96)	(1)
<b>Net cash flows used in investing activities</b>	<u>(96)</u>	<u>(1)</u>
<b>Net increase in cash and cash equivalents</b>	7,334	8,622
Cash and cash equivalents at beginning of the period	71,051	63,996
Cash and cash equivalents at end of the period	<u>78,385</u>	<u>72,618</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.

The Group (Unaudited)	Share capital \$'000	Merger reserve \$'000	Share- based payments reserve \$'000	Other reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Non- controlling interests \$'000	Total equity \$'000
<b>Balance at 1 January 2018</b>	<b>22,273</b>	<b>(2,311)</b>	<b>346</b>	<b>2,006</b>	<b>(632)</b>	<b>50,647</b>	<b>181</b>	<b>72,510</b>
Profit for the period, representing total comprehensive income for the period	-	-	-	-	-	5,381	(323)	5,058
Share-based payments	-	-	134	-	-	-	-	134
<b>Balance at 31 March 2018</b>	<b>22,273</b>	<b>(2,311)</b>	<b>480</b>	<b>2,006</b>	<b>(632)</b>	<b>56,028</b>	<b>(142)</b>	<b>77,702</b>
<b>Balance at 1 January 2017</b>	<b>22,273</b>	<b>(2,311)</b>	-	-	-	<b>43,615</b>	<b>528</b>	<b>64,105</b>
Profit for the period, representing total comprehensive income for the period	-	-	-	-	-	8,572	(186)	8,386
<b>Balance at 31 March 2017</b>	<b>22,273</b>	<b>(2,311)</b>	-	-	-	<b>52,187</b>	<b>342</b>	<b>72,491</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 \$'000	Share-based payments reserve \$'000	Retained earnings \$'000	Total equity \$'000
<b>Balance at 1 January 2018</b>	<b>22,273</b>	<b>346</b>	<b>20,447</b>	<b>43,066</b>
Loss for the period, representing total comprehensive income for the period	-	-	(342)	(342)
Share-based payments	-	134	-	134
<b>Balance at 31 March 2018</b>	<b>22,273</b>	<b>480</b>	<b>20,105</b>	<b>42,858</b>
<b>Balance at 1 January 2017</b>	<b>22,273</b>	<b>-</b>	<b>15,957</b>	<b>38,230</b>
Loss for the period, representing total comprehensive income for the period	-	-	(100)	(100)
<b>Balance at 31 March 2017</b>	<b>22,273</b>	<b>-</b>	<b>15,857</b>	<b>38,130</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 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.**

There are no changes in the Company's share capital since 31 December 2017. As at 31 March 2018 and 31 March 2017, there were no treasury shares held by the Company and there were no subsidiary holdings.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	Number of ordinary shares	
	31/03/2018	31/12/2017
Total number of issued shares	1,314,286,000	1,314,286,000

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

There were no shares held as treasury shares as at 31 March 2018 and 31 December 2017.

**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.**

There were no subsidiary holdings.

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

The figures have not been audited 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 2018 and as disclosed in paragraph 5 below, 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 accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for the financial periods beginning on or after 1 January 2018. Other than the adoption of the new standards that are effective on 1 January 2018, the Group has adopted the new financial reporting framework, Singapore Financial Reporting Standards (International) ("**SFRS(I)**") on 1 January 2018. The adoption of the new standards that are effective on 1 January 2018 and SFRS(I) have no material impact on the financial statements.

**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	Q1 2018 (Unaudited)	Q1 2017 (Unaudited) (Restated)*
Profit attributable to owners of the Company (\$'000)	5,381	8,572
Weighted average number of ordinary shares used in the computation of basic earnings per share	1,314,286,000	1,314,286,000 *
Basic earnings per share (cents)	0.41	0.65
Weighted average number of ordinary shares used in the computation of diluted earnings per share	1,314,798,335	1,314,286,000 *
Diluted earnings per share (cents)	0.41	0.65

\* Earnings per share for Q1 2017 was computed after taking into account the 657,143,000 Bonus Shares issued in May 2017.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**  
**(a) current financial period reported on; and**  
**(b) Immediately preceding financial year.**

	Group		Company	
	31/03/2018 (Unaudited)	31/12/2017 (Audited)	31/03/2018 (Unaudited)	31/12/2017 (Audited)
Net asset value attributable to owners of the Company (\$'000)	77,844	72,329	42,858	43,066
Net asset value per ordinary share at end of the financial period (cents) #	5.92	5.50	3.26	3.28

#The calculation of net asset value per ordinary share was based on 1,314,286,000 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**

The Group's revenue for Q1 2018 was \$12.07 million, a decrease of \$4.17 million or 25.7% from \$16.24 million for Q1 2017. The decrease was mainly attributed to decrease in the number of patient visits compared to the same corresponding period last year.

#### **Other item of income**

##### Other income

The Group's other income comprised interest received on fixed deposits, government-paid childcare and maternity leave and government grants under the Wage Credit Scheme and Special Employment Credit (collectively, the "**Grants**").

Other income decreased by \$7,000 or 6.1% in Q1 2018. The decrease was mainly due to a lower amount for government-paid maternity leave offset against higher interest earned on fixed deposits and Grants received.

#### **Other items of expense**

##### Employee benefits expense

Employee benefits expense comprised remuneration paid to doctors, nurses as well as other support staff. These included salaries and wages, allowances, CPF contributions, bonuses and staff benefits.

Employee benefits decreased by \$0.42 million or 9.7% from \$4.37 million in Q1 2017 to \$3.95 million in Q1 2018. The decrease was mainly due to a decrease in salaries incurred.

##### Cost of share-based payments to employees

Share-based payments to employees recorded in Q1 2018 amounted to \$0.13 million.

##### Operating lease expense

Operating lease expense increased by \$0.03 million or 8.5% from \$0.40 million in Q1 2017 to \$0.43 million in Q1 2018. The increase was due to a new operating lease that was effected in July 2017.

## **Performance Review (cont'd)**

### **Other operating expenses**

Other operating expenses comprised mainly advertising and marketing expenses, depreciation, directors' fees, donation made and laboratory consumables and services.

Other operating expenses increased by \$0.35 million or 47.8% from \$0.74 million in Q1 2017 to \$1.09 million in Q1 2018. The increase pertained to:

- Donation, advertising and marketing expenses for "Relay for Life", a fund raising event organised by Singapore Cancer Society of \$0.26 million;
- Increase in insurance, miscellaneous, secretariat and training expenses aggregating \$0.02 million and;
- Increase in overhead expenses incurred by a subsidiary, Stem Med Pte. Ltd. ("**Stem Med**") of \$0.07 million.

### **Share of results of associate**

The Group's share of loss after tax of its associate, Hong Kong Integrated Oncology Centre Holdings Limited ("**HKH**") was \$0.22 million in Q1 2018 as compared to \$0.55 million in Q1 2017, which represented an improvement of \$0.33 million.

### **Income tax expense**

Income tax expense decreased by \$0.62 million or 32.2% from \$1.91 million in Q1 2017 to \$1.29 million in Q1 2018 due to lower profits in Q1 2018. The effective tax rate for Q1 2018 and Q1 2017 were 20.3% and 18.5% respectively.

### **Profit after tax**

The Group recorded profit after tax of \$5.06 million in Q1 2018 as compared to \$8.39 million in Q1 2017, a decrease of \$3.33 million or 39.7%. This was mainly due to a decrease in revenue and an increase in operating expenses which are partially offset by a decrease in the share of loss of associate.

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

### **Non-current assets**

The Group's non-current assets comprised plant and equipment, investment in associate and prepaid operating expenses. Non-current assets decreased by \$0.24 million which was mainly attributable to a decrease in the carrying amount of our investment in associate pursuant to taking up the share of loss of associate of \$0.22 million as well as decrease in the carrying amount of plant and equipment of \$0.02 million.

### **Current assets**

Current assets comprised inventories, prepaid operating expenses, trade and other receivables and cash and short-term deposits. Current assets increased by \$4.58 million which was attributable to the increase in cash and short-term deposits of \$7.33 million, inventories of \$0.06 million and prepaid and operating expenses of \$0.04 million, partially offset by a decrease in trade and other receivables of \$2.85 million.

The increase in cash and short-term deposits was mainly attributable to cash flows from operating activities while the decrease in trade and other receivables was mainly due to a decrease in revenue.

## **Review of the Group's financial position (cont'd)**

### **Current liabilities**

Current liabilities comprised trade and other payables, other liabilities and income tax payable. Current liabilities decreased by \$0.87 million. Trade and other payables decreased by \$0.22 million mainly due to lower GST and trade payables. Other liabilities decreased by \$0.45 million due to lower accrued operating expenses. Income tax payable decreased by \$0.20 million due to payment of income tax in respect of financial year ended 31 December 2017 offset against income tax provision for Q1 2018.

### **Non-current liabilities**

Non-current liabilities comprised other liabilities and loan from a non-controlling shareholder to a subsidiary. Non-current liabilities increased by \$0.02 million mainly due to the unwinding of the discount adjustment in relation to the loan from a non-controlling shareholder to subsidiary.

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

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

### **Non-controlling interests**

This is related to the:-

- (i) 43%, 48.7% and 65.8% non-controlling interests' share in the net equity of Stem Med, Stem Med Indonesia Pte. Ltd. and DrSG Cellular Wellness Pte. Ltd. respectively; and
- (ii) 25% non-controlling interests' share in the net equity of TalkMed Chongqing Pte. Ltd..

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

### **Operating activities**

Net cash flows from operating activities for Q1 2018 amounted to \$7.43 million. This comprised operating cash flows before changes in working capital of \$6.76 million, net changes in working capital of \$1.97 million and interest received of \$0.20 million, less income tax paid of \$1.50 million. The net decrease in working capital of \$1.97 million was mainly due to a decrease in trade and other receivables of \$2.73 million offset by an increase in inventories of \$0.06 million, prepaid operating expenses of \$0.04 million and a decrease in trade and other payables and other liabilities of \$0.22 million and \$0.44 million respectively.

### **Investing activities**

Net cash flows used in investing activities of \$0.10 million was attributable to the purchase of plant and equipment by Stem Med.

### **Net increase in cash and cash equivalents**

The above resulted in a net increase in cash and cash equivalents of \$7.33 million.

**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 facing pressure on revenue from the competition arising from lower medical costs in our neighbouring countries.

With Dr Ang Peng Tiam's resumption of his medical duties on 25 March 2018, we look forward to an improvement in the Group's revenue and earnings in the coming months.

- 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 financial period ended 31 March 2018.

**(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 financial period ended 31 March 2018.

- 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 is as follows:-

Use of proceeds from the IPO	Amount Allocated \$'000	Amount Utilised \$'000	Amount Unutilised \$'000
Expanding repertoire of talent pool / healthcare services	10,381	8,804 <sup>(1)</sup>	1,577
Overseas expansion / improving quality of medical services	6,920	6,920 <sup>(2)</sup>	-
Total	17,301	15,724	1,577

**Note:-**

(1) Comprised investments in Stem Med and HKH of \$4.20 million (of which \$2.40 million was given as a loan) and \$4.60 million <sup>(2)</sup> respectively.

(2) Total investment in HKH 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 31 March 2018 to be false or misleading in any material aspect.

#### BY ORDER OF THE BOARD

Ang Peng Tiam  
Chief Executive Officer  
24 April 2018

*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 at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581. Telephone number: (65) 6415 9886*