



**SINGAPORE O&G LTD.**  
**(Company Registration No. 201100687M)**

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT  
 FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2018**

**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.**

	<u>Group</u>					
	<u>Second Quarter</u>			<u>Year-To-Date</u>		
	Q2 2018 (Unaudited) S\$	Q2 2017 (Unaudited) S\$	Increase/ (Decrease) %	30/6/2018 (Unaudited) S\$	30/6/2017 (Unaudited) S\$	Increase/ (Decrease) %
Revenue	8,635,736	7,259,298	19.0%	16,832,731	14,247,800	18.1%
Other operating income	1,261,137	44,892	>100.0%	1,355,777	89,718	>100.0%
Consumables and medical supplies used	(1,157,738)	(1,001,455)	15.6%	(2,439,416)	(2,060,422)	18.4%
Employee remuneration expense	(3,304,569)	(2,818,457)	17.2%	(6,463,173)	(5,633,257)	14.7%
Depreciation of plant and equipment	(133,359)	(121,896)	9.4%	(279,801)	(240,177)	16.5%
Other operating expense	(944,259)	(745,713)	26.6%	(1,711,089)	(1,397,878)	22.4%
<b>Profit from operations</b>	<b>4,356,948</b>	<b>2,616,669</b>	<b>66.5%</b>	<b>7,295,029</b>	<b>5,005,784</b>	<b>45.7%</b>
Finance income	19,453	19,259	1.0%	32,033	25,159	27.3%
Finance expense	-	(59,709)	N/M	-	(119,417)	N/M
<b>Net finance income/(expense)</b>	<b>19,453</b>	<b>(40,450)</b>	<b>N/M</b>	<b>32,033</b>	<b>(94,258)</b>	<b>N/M</b>
<b>Profit before income tax</b>	<b>4,376,401</b>	<b>2,576,219</b>	<b>69.9%</b>	<b>7,327,062</b>	<b>4,911,526</b>	<b>49.2%</b>
Income tax expense	(623,283)	(435,296)	43.2%	(1,098,459)	(769,488)	42.8%
<b>Profit for the period</b>	<b>3,753,118</b>	<b>2,140,923</b>	<b>75.3%</b>	<b>6,228,603</b>	<b>4,142,038</b>	<b>50.4%</b>
Other comprehensive income, at nil tax	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>3,753,118</b>	<b>2,140,923</b>	<b>75.3%</b>	<b>6,228,603</b>	<b>4,142,038</b>	<b>50.4%</b>

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.**

	<u>Group</u>		<u>Company</u>	
	30/6/2018 (Unaudited) S\$	31/12/2017 (Audited) S\$	30/6/2018 (Unaudited) S\$	31/12/2017 (Audited) S\$
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill	26,929,999	26,929,999	-	-
Plant and equipment	1,479,229	1,638,262	148,906	128,580
Deferred tax assets	60,500	12,019	3,344	-
Investment in subsidiaries	-	-	34,330,536	34,330,536
	<b>28,469,728</b>	<b>28,580,280</b>	<b>34,482,786</b>	<b>34,459,116</b>
<b>Current assets</b>				
Inventories	1,665,759	1,601,717	-	-
Trade and other receivables	2,810,044	2,518,334	184,272	217,860
Amounts due from subsidiaries (non-trade)	-	-	4,702,865	3,460,029
Cash and cash equivalents	18,230,190	16,426,295	11,738,891	7,065,907
	<b>22,705,993</b>	<b>20,546,346</b>	<b>16,626,028</b>	<b>10,743,796</b>
<b>Total assets</b>	<b>51,175,721</b>	<b>49,126,626</b>	<b>51,108,814</b>	<b>45,202,912</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Share capital	29,645,500	29,645,500	29,645,500	29,645,500
Reserves	15,839,201	13,854,145	10,340,800	13,690,955
<b>Total equity</b>	<b>45,484,701</b>	<b>43,499,645</b>	<b>39,986,300</b>	<b>43,336,455</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	117,453	109,825	-	1,561
	<b>117,453</b>	<b>109,825</b>	<b>-</b>	<b>1,561</b>
<b>Current liabilities</b>				
Trade and other payables	3,311,706	3,811,730	531,610	788,876
Amounts due to subsidiaries (non-trade)	-	-	10,476,020	1,076,020
Deferred revenue	450,519	445,279	18,084	-
Current tax liabilities	1,811,342	1,260,147	96,800	-
	<b>5,573,567</b>	<b>5,517,156</b>	<b>11,122,514</b>	<b>1,864,896</b>
<b>Total liabilities</b>	<b>5,691,020</b>	<b>5,626,981</b>	<b>11,122,514</b>	<b>1,866,457</b>
<b>Total equity and liabilities</b>	<b>51,175,721</b>	<b>49,126,626</b>	<b>51,108,814</b>	<b>45,202,912</b>

1(b)(ii) In relation to the aggregate amount of the 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.

	<u>Group</u>			
	<u>Second Quarter</u>		<u>Year-To-Date</u>	
	Q2 2018 (Unaudited) S\$	Q2 2017 (Unaudited) S\$	30/6/2018 (Unaudited) S\$	30/6/2017 (Unaudited) S\$
<b>Cash Flows from Operating Activities</b>				
Profit before taxation	4,376,401	2,576,219	7,327,062	4,911,526
Adjustments for:				
Depreciation of plant and equipment	133,359	121,896	279,801	240,177
Plant and equipment written off	-	465	97	465
Interest income	(19,453)	(19,259)	(32,033)	(25,159)
Interest expense	-	59,709	-	119,417
Operating profit before working capital changes	4,490,307	2,739,030	7,574,927	5,246,426
Changes in inventories	(52,820)	(143)	(64,042)	127,371
Changes in trade and other receivables	(210,676)	(343,189)	(293,692)	(116,634)
Changes in trade and other payables	(1,131,623)	(742,666)	(542,484)	(750,569)
Cash generated from operations	3,095,188	1,653,032	6,674,709	4,506,594
Income tax paid	(592,245)	(640,751)	(588,117)	(640,751)
<b>Net cash generated from operating activities</b>	<b>2,502,943</b>	<b>1,012,281</b>	<b>6,086,592</b>	<b>3,865,843</b>
<b>Cash Flows from Investing Activities</b>				
Acquisition of subsidiaries, net of cash acquired	-	-	-	(3,765,383)
Purchase of plant and equipment	(6,888)	(51,845)	(73,165)	(201,493)
Interest received	423	19,259	34,015	114,972
<b>Net cash used in investing activities</b>	<b>(6,465)</b>	<b>(32,586)</b>	<b>(39,150)</b>	<b>(3,851,904)</b>

	<u>Group</u>			
	<u>Second Quarter</u>		<u>Year-To-Date</u>	
	Q2 2018	Q2 2017	30/6/2018	30/6/2017
	(Unaudited) S\$	(Unaudited) S\$	(Unaudited) S\$	(Unaudited) S\$
<b>Cash Flows from Financing Activities</b>				
Dividends paid to shareholders	(4,243,547)	(3,742,904)	(4,243,547)	(3,742,904)
<b>Net cash used in financing activities</b>	<b>(4,243,547)</b>	<b>(3,742,904)</b>	<b>(4,243,547)</b>	<b>(3,742,904)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,747,069)</b>	<b>(2,763,209)</b>	<b>1,803,895</b>	<b>(3,728,965)</b>
Cash and cash equivalents at beginning of period	19,977,259	20,410,568	16,426,295	21,376,324
<b>Cash and cash equivalents at end of period</b>	<b>18,230,190</b>	<b>17,647,359</b>	<b>18,230,190</b>	<b>17,647,359</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.

<u>The Group</u> <u>(Unaudited)</u>	Share Capital S\$	Capital Reserve S\$	Merger Reserve S\$	Retained Earnings S\$	Total S\$
At 1 January 2017	29,645,500	1,771,070	(1,695,311)	11,922,728	41,643,987
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	4,142,038	4,142,038
Other comprehensive income, at nil tax	-	-	-	-	-
	-	-	-	4,142,038	4,142,038
<b>Transactions with owners of the Company, recognised directly in equity</b>					
<b>Contributions by and distributions to owners of the Company</b>					
Dividends paid to shareholders	-	-	-	(3,742,904)	(3,742,904)
<b>At 30 June 2017</b>	<b>29,645,500</b>	<b>1,771,070</b>	<b>(1,695,311)</b>	<b>12,321,862</b>	<b>42,043,121</b>

<u>The Group</u> <u>(Unaudited)</u>	Share Capital S\$	Capital Reserve S\$	Merger Reserve S\$	Retained Earnings S\$	Total S\$
At 1 January 2018	29,645,500	1,771,070	(1,695,311)	13,778,386	43,499,645
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	6,228,603	6,228,603
Other comprehensive income, at nil tax	-	-	-	-	-
	-	-	-	6,228,603	6,228,603
<b>Transactions with owners of the Company, recognised directly in equity</b>					

<b>Contributions by and distributions to owners of the Company</b>					
Dividends paid to shareholders	-	-	-	(4,243,547)	(4,243,547)
<b>At 30 June 2018</b>	<b>29,645,500</b>	<b>1,771,070</b>	<b>(1,695,311)</b>	<b>15,763,442</b>	<b>45,484,701</b>

<b><u>The Company</u></b> <b><u>(Unaudited)</u></b>	<b>Share Capital</b> <b>S\$</b>	<b>Capital Reserve</b> <b>S\$</b>	<b>Merger Reserve</b> <b>S\$</b>	<b>Retained Earnings</b> <b>S\$</b>	<b>Total</b> <b>S\$</b>
At 1 January 2017	29,645,500	1,771,070	-	7,568,998	38,985,568
<b>Total comprehensive income for the period</b>					
Loss for the period	-	-	-	(412,960)	(412,960)
Other comprehensive income, at nil tax	-	-	-	-	-
	-	-	-	(412,960)	(412,960)

<b>Transactions with owners of the Company, recognised directly in equity</b>					
<b>Contributions by and distributions to owners of the Company</b>					
Dividends paid to shareholders	-	-	-	(3,742,904)	(3,742,904)
<b>At 30 June 2017</b>	<b>29,645,500</b>	<b>1,771,070</b>	<b>-</b>	<b>3,413,134</b>	<b>34,829,704</b>

<b><u>The Company</u></b> <b><u>(Unaudited)</u></b>	<b>Share Capital</b> <b>S\$</b>	<b>Capital Reserve</b> <b>S\$</b>	<b>Merger Reserve</b> <b>S\$</b>	<b>Retained Earnings</b> <b>S\$</b>	<b>Total</b> <b>S\$</b>
At 1 January 2018	29,645,500	1,771,070	-	11,919,885	43,336,455
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	893,392	893,392
Other comprehensive income, at nil tax	-	-	-	-	-
	-	-	-	893,392	893,392

<b>Transactions with owners of the Company, recognised directly in equity</b>					
<b>Contributions by and distributions to owners of the Company</b>					
Dividends paid to shareholders	-	-	-	(4,243,547)	(4,243,547)
<b>At 30 June 2018</b>	<b>29,645,500</b>	<b>1,771,070</b>	<b>-</b>	<b>8,569,730</b>	<b>39,986,300</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.

As at 30 June 2018, there are no changes in the Company's share capital since the end of the previous period reported on i.e. 31 March 2018.

The Company did not have any treasury shares, subsidiary holdings, outstanding options and convertibles as at 30 June 2018 and 30 June 2017.

**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	
	30/6/2018	31/12/2017
Issued ordinary shares	<u>476,803,002</u>	<u>476,803,002</u>

The Company does not have any treasury shares as at 30 June 2018 and 31 December 2017.

**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.**

Not applicable, as the Company did not have any treasury shares as at the end of the current financial period reported on.

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

Not applicable, as the Company did not have any subsidiary holdings 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 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 as disclosed in Section 5 below, the accounting policies and methods of computation used in the consolidated financial statements for the period ended 30 June 2018 are consistent with those applied in the financial statements for the year ended 31 December 2017.

**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 adopted a number of new or revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are effective for accounting periods beginning on or after 1 January 2018. The adoption of these FRS and INT FRS has no significant impact on the Group's consolidated financial statements for the current financial period reported on.

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

	<u>Group</u>			
	<u>Second Quarter</u>		<u>Year-To-Date</u>	
	Q2 2018	Q2 2017	30/6/2018	30/6/2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	S\$	S\$	S\$	S\$
Profit attributable to equity holders of the Company (S\$)	3,753,118	2,140,923	6,228,603	4,142,038
Weighted average number of ordinary shares	476,803,002	476,803,002	476,803,002	476,803,002
Basic and diluted earnings per share based on the weighted average number of ordinary shares (cents)	0.79	0.45	1.31	0.87

Note:

Basic and diluted earnings per share for the quarters and financial periods ended 30 June 2018 and 30 June 2017 are computed using the net profit after tax divided by the number of ordinary shares issued and outstanding at the end of each quarter and financial period.

The Company did not have any stock options or dilutive potential ordinary shares during the quarters and financial periods ended 30 June 2018 and 30 June 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.

	<u>Group</u>		<u>Company</u>	
	30/6/2018 (Unaudited)	31/12/2017 (Audited)	30/6/2018 (Unaudited)	31/12/2017 (Audited)
Net assets value (S\$)	45,484,701	43,499,645	39,986,300	43,336,455
Net assets value per ordinary share based on the total number of issued shares as at end of the period/year reported on (cents)	9.54	9.12	8.39	9.09

- 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.

### Review of the Group's Performance

#### Q2 2018 vs. Q2 2017

	Q2 2018 (S\$)	Q2 2017 (S\$)	Increase/ (Decrease) (S\$)	%
Revenue	8,635,736	7,259,298	1,376,438	19.0
Other operating income	1,261,137	44,892	1,216,245	>100.0
Consumables and medical supplies used	(1,157,738)	(1,001,455)	156,283	15.6
Employee remuneration expense	(3,304,569)	(2,818,457)	486,112	17.2
Depreciation of plant and equipment	(133,359)	(121,896)	11,463	9.4
Other operating expense	(944,259)	(745,713)	198,546	26.6
<b>Profit from operations</b>	<b>4,356,948</b>	<b>2,616,669</b>	<b>1,740,279</b>	<b>66.5</b>
Finance income	19,453	19,259	194	1.0
Finance expense	-	(59,709)	(59,709)	N/M
<b>Net finance income/(expense)</b>	<b>19,453</b>	<b>(40,450)</b>	<b>59,903</b>	<b>N/M</b>



<b>Profit before income tax</b>	<b>4,376,401</b>	<b>2,576,219</b>	<b>1,800,182</b>	<b>69.9</b>
Income tax expense	(623,283)	(435,296)	187,987	43.2
<b>Profit for the period</b>	<b>3,753,118</b>	<b>2,140,923</b>	<b>1,612,195</b>	<b>75.3</b>

### 1H 2018 vs. 1H 2017

	1H 2018 (S\$)	1H 2017 (S\$)	Increase/ (Decrease) (S\$)	%
Revenue	16,832,731	14,247,800	2,584,931	18.1
Other operating income	1,355,777	89,718	1,266,059	>100.0
Consumables and medical supplies used	(2,439,416)	(2,060,422)	378,994	18.4
Employee remuneration expense	(6,463,173)	(5,633,257)	829,916	14.7
Depreciation of plant and equipment	(279,801)	(240,177)	39,624	16.5
Other operating expense	(1,711,089)	(1,397,878)	313,211	22.4
<b>Profit from operations</b>	<b>7,295,029</b>	<b>5,005,784</b>	<b>2,289,245</b>	<b>45.7</b>
Finance income	32,033	25,159	6,874	27.3
Finance expense	-	(119,417)	(119,417)	N/M
<b>Net finance income/(expense)</b>	<b>32,033</b>	<b>(94,258)</b>	<b>126,291</b>	<b>N/M</b>
<b>Profit before income tax</b>	<b>7,327,062</b>	<b>4,911,526</b>	<b>2,415,536</b>	<b>49.2</b>
Income tax expense	(1,098,459)	(769,488)	328,971	42.8
<b>Profit for the period</b>	<b>6,228,603</b>	<b>4,142,038</b>	<b>2,086,565</b>	<b>50.4</b>

N/M: Not meaningful.

## Revenue

### Q2 2018 vs. Q2 2017

Revenue increased by S\$1.4 million or 19.0% from S\$7.2 million for the three months period ended 30 June 2017 (“**Q2 2017**”) to S\$8.6 million for the three months period ended 30 June 2018 (“**Q2 2018**”). The increase is attributed to:

- The increase of S\$0.9 million and S\$0.3 million revenue from our Obstetrics & Gynaecology (“**O&G**”) and Cancer-related segment respectively; and
- The contribution of S\$0.2 million from our new Paediatrics segment, namely SOG Children (Paediatrics-East) Clinic (“**PAED-East Clinic**”)

and SOG Children (Paediatrics-Central) Clinic (“**PAED-Central Clinic**”) which started operations in July 2017 and November 2017 respectively.

#### 1H 2018 vs. 1H 2017

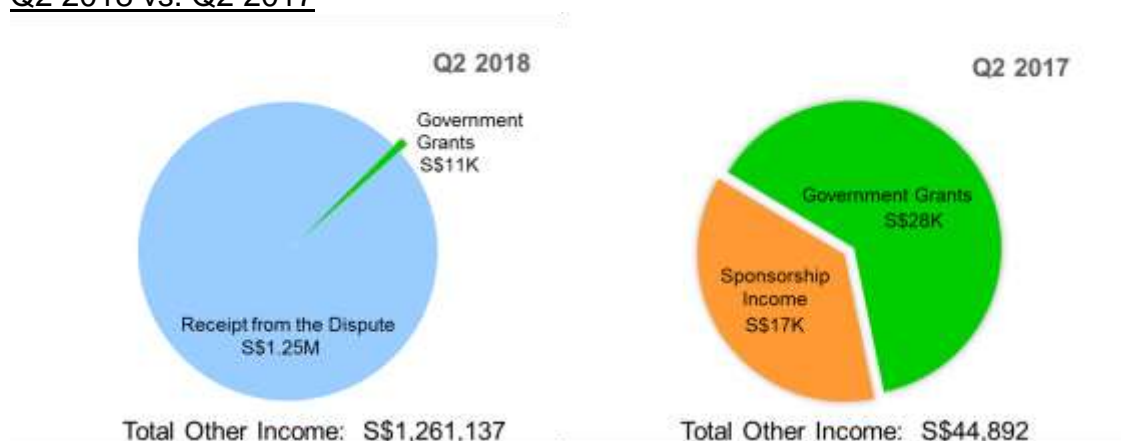
Revenue increased by S\$2.6 million or 18.1% from S\$14.2 million for the six months period ended 30 June 2017 (“**1H 2017**”) to S\$16.8 million for the six months period ended 30 June 2018 (“**1H 2018**”). The increase is attributed to:

- The increase of S\$1.4 million and S\$0.7 million revenue from our O&G and Cancer-related segment respectively; and
- The contribution of S\$0.5 million from our new Paediatrics segment.

#### **Other Operating Income**

Other operating income typically comprises government grants received and sponsorship income. Sponsorship income relates to income received from sponsors for public events and activities organised by the Company.

#### Q2 2018 vs. Q2 2017



Other operating income increased by S\$1.2 million or more than 100.0% for Q2 2018 as compared to Q2 2017. The increase is due mainly to the receipt of the settlement amount of S\$1.25 million from the Company’s former Lead Independent Director, Mr. Christopher Chong Meng Tak (“**Mr. Chong**”) where the Company and Mr. Chong have, without any admission as to liability, agreed to a full and final settlement on the Company’s claim for S\$1.5 million from Mr. Chong for a transaction of the Company in which Mr. Chong was involved (the “**Dispute**”).

1H 2018 vs. 1H 2017



Other operating income increased by S\$1.3 million or more than 100.0% for 1H 2018 as compared to 1H 2017. The increase is due mainly to:

- The receipt of S\$1.25 million from Mr. Chong as discussed above; and
- The clinic rental rebate of S\$44,000 received from a lessor.

**Consumables and Medical Supplies Used**

In general, the O&G, Cancer-related and Paediatrics practices use lesser consumables and medical supplies as compared to the Dermatology practice which requires more consumables and medical supplies such as skin care products.

Our Cancer-related practice uses the least consumables and medical supplies as our Cancer Specialists, who are Breast Surgeons and GynaeOncologist, perform their major procedures in the hospitals and thus, the consumables and medical supplies are taken care of and billed by the hospitals.

Q2 2018 vs. Q2 2017

Consumables and medical supplies used increased by S\$0.2 million or 15.6% from S\$1.0 million for Q2 2017 to S\$1.2 million for Q2 2018. As the consumables and medical supplies used are a direct cost attributed to the Group's revenue, the increase parallels the increase in revenue for the corresponding period.

Consumables and medical supplies used as a percentage of the Group's revenue decreased by 0.4% from 13.8% for Q2 2017 to 13.4% for Q2 2018 due mainly to our step-up cost containment effort in Q2 2018.

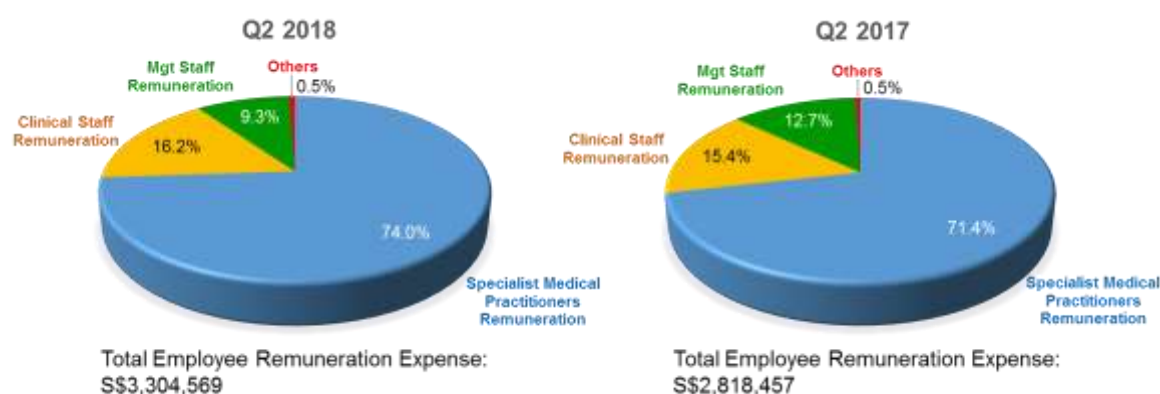
1H 2018 vs. 1H 2017

Consumables and medical supplies used increased by S\$0.4 million or 18.4% from S\$2.0 million for 1H 2017 to S\$2.4 million for 1H 2018. The increase parallels the increase in the Group's revenue for the corresponding period.

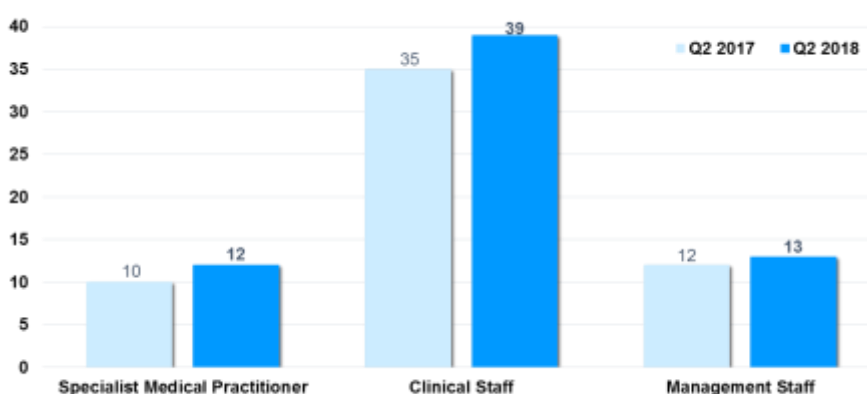
Consumables and medical supplies used as a percentage of the Group's revenue remained consistent at 14.5% for 1H 2018 and 1H 2017.

## Employee Remuneration Expense

### Q2 2018 vs. Q2 2017



### Average Headcount Q2 2018 vs. Q2 2017

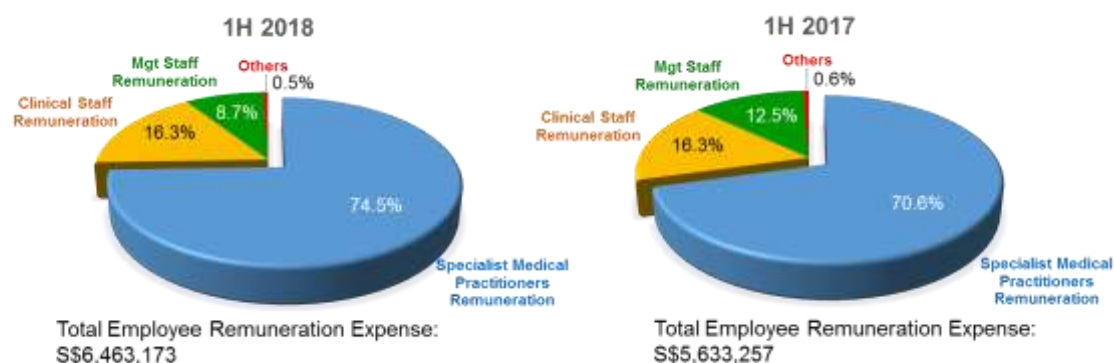


Employee remuneration expense increased by S\$0.5 million or 17.2% from S\$2.8 million for Q2 2017 to S\$3.3 million for Q2 2018. The increase is due mainly to:

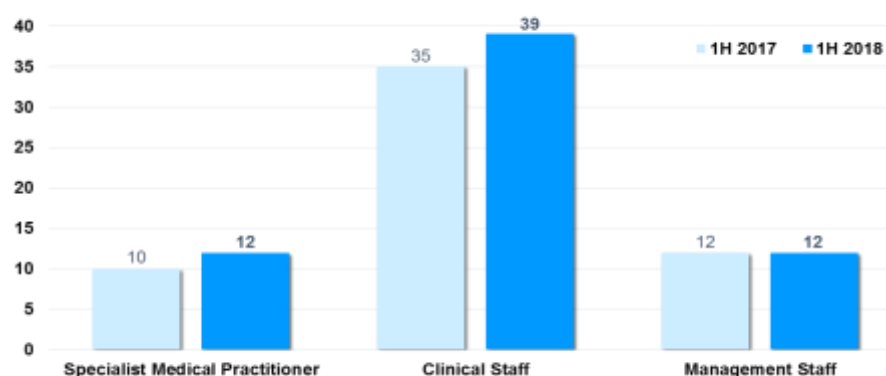
- An increase of S\$0.3 million quarterly accrual for incentive bonus for a few specialist medical practitioners; and
- Employee remuneration expense of S\$0.2 million from our new Paediatrics segment which started in July 2017.

Employee benefits expense as a percentage of the Group's revenue decreased by 0.5% from 38.8% in Q2 2017 to 38.3% in Q2 2018 as the rate of increase in revenue contribution from our O&G and Cancer-related segment is higher than the rate of increase in employee remuneration expense.

1H 2018 vs. 1H 2017



**Average Headcount 1H 2018 vs. 1H 2017**



Employee remuneration expense increased by S\$0.8 million or 14.7% from S\$5.6 million for 1H 2017 to S\$6.4 million for 1H 2018. The increase is due to:

- An increase of S\$0.5 million accrual for 1H 2018 incentive bonus for a few specialist medical practitioners; and
- Employee remuneration expense of S\$0.4 million from our new Paediatrics segment which started in July 2017; offset by
- A decrease of S\$0.1 million in accrual for 1H 2018 bonuses for corporate office.

Employee remuneration expense as a percentage of the Group's revenue decreased by 1.1% from 39.5% for 1H 2017 to 38.4% for 1H 2018 as the rate of increase in revenue contribution from our O&G and Cancer-related segment is higher than the rate of increase in employee remuneration expense.

## Depreciation of Plant and Equipment

### Q2 2018 vs. Q2 2017

Depreciation of plant and equipment increased by S\$11,000 or 9.4% from S\$122,000 for Q2 2017 to S\$133,000 in Q2 2018. The increase is attributed mainly to the depreciation charge arising from:

- A new laser machine acquired for SOG Dermatology Clinic in August 2017; and
- The renovation of our Corporate Office at Mountbatten Square in July 2017.

Depreciation as a percentage of the Group's revenue decreased slightly by 0.2% from 1.7% for Q2 2017 to 1.5% for Q2 2018 as the rate of increase in revenue contribution from our O&G and Cancer-related segment is higher than the rate of increase in depreciation.

### 1H 2018 vs. 1H 2017

Depreciation increased by S\$40,000 or 16.5% from S\$240,000 for 1H 2017 to S\$280,000 for 1H 2018. The increase is attributed mainly to the depreciation charge arising from:

- The two new laser machines acquired for SOG Dermatology Clinic in June 2017 and August 2017; and
- The renovation of Heng Clinic for Women ("**Heng Clinic**") and our Corporate Office at Mountbatten Square in May 2017 and July 2017 respectively.

Depreciation as a percentage of the Group's revenue remained consistent at 1.7% for 1H 2018 and 1H 2017.

## Other Operating Expense

### Q2 2018 vs. Q2 2017

Other operating expense increased by S\$0.2 million or 26.6% from S\$0.7 million for Q2 2017 to S\$0.9 million for Q2 2018. The increase is attributed mainly to:

- A non-recurring professional and legal fees of S\$0.1 million incurred for the Dispute; and
- S\$0.1 million incurred by our new Paediatrics segment in Q2 2018.

Other operating expense as a percentage of the Group's revenue increased by 0.6% from 10.3% for Q2 2017 to 10.9% for Q2 2018 due mainly to the non-recurring professional and legal fees incurred for the Dispute in Q2 2018.

1H 2018 vs. 1H 2017

Other operating expense increased by S\$0.3 million or 22.4% from S\$1.4 million for 1H 2017 to S\$1.7 million for 1H 2018. The increase is attributed mainly to:

- A non-recurring professional and legal fees of S\$0.1 million incurred for the Dispute; and
- S\$0.2 million incurred by our new Paediatrics segment in 1H 2018.

Other operating expense as a percentage of the Group's revenue increased by 0.4% from 9.8% for 1H 2017 to 10.2% for 1H 2018 due mainly to the non-recurring professional and legal fees incurred for the Dispute in Q2 2018.

### **Finance Income**

Finance income relates to the interest income earned from the placement of cash surplus with financial institutions. The funds are placed mainly in fixed deposit arrangements. The Group does not invest in any sophisticated financial products or derivatives.

Q2 2018 vs. Q2 2017

Finance income remained consistent at S\$19,000 for Q2 2018 and Q2 2017.

1H 2018 vs. 1H 2017

Finance income increased by S\$7,000 or 27.3% from S\$25,000 for 1H 2017 to S\$32,000 for 1H 2018. The increase is due to more cash being placed in fixed deposit.

### **Finance Expense**

Finance expense relates to the unwinding of the discount implicit (i.e. non-cash flows item) in the second and third cash tranche consideration of S\$4.0 million for each tranche due on 1 January 2017 and 1 January 2018 respectively (the "**contingent consideration**") for the acquisition of the entire rights, title and interest of Dr. Joyce Lim Teng Ee and in the business and medical practices of JL Laser & Surgery Centre Pte. Ltd., JL Esthetic Research Centre Pte. Ltd. and JL Dermatology Pte. Ltd. on 1 January 2016 (the "**JL Acquisition**").

As at 31 December 2017, the contingent consideration for the JL Acquisition was fully paid. Accordingly, there is no finance expense in 2018.

## **Profit Before Income Tax**

### Q2 2018 vs. Q2 2017

As a result of the above, profit before income tax increased by S\$1.8 million or 69.9% from S\$2.6 million for Q2 2017 to S\$4.4 million for Q2 2018.

### 1H 2018 vs. 1H 2017

Profit before income tax increased by S\$2.4 million or 49.2% from S\$4.9 million for 1H 2017 to S\$7.3 million for 1H 2018.

## **Income Tax Expense**

### Q2 2018 vs. Q2 2017

Income tax expense increased by S\$0.2 million or 43.2% due mainly to higher profits for Q2 2018.

### 1H 2018 vs. 1H 2017

Income tax expense increased by S\$0.3 million or 42.8% due mainly to higher profits in 1H 2018.

## **Review of the Group's Financial Position**

### **Non-Current Assets**

As at 30 June 2018, non-current assets amounted to S\$28.5 million or 55.6% of the Group's total assets. Non-current assets consist of the following:

- Goodwill of S\$26.9 million or 94.6% of the Group's total non-current assets, comprises:
  1. S\$446,000 and S\$396,000 for the acquisition of Beh's Clinic for Women Pte. Ltd. and Choo Wan Ling Women's Clinic Pte. Ltd. in 2014 respectively; and
  2. S\$26.1 million for the JL Acquisition in 2016.
- Plant and equipment of S\$1.5 million or 5.2% of the Group's total non-current assets. Plant and equipment decreased by S\$0.2 million or 9.7%. The decrease is attributed to the depreciation charge of S\$0.3 million offset by the plant and equipment additions of S\$0.1 million in 1H 2018.
- Deferred tax assets of S\$61,000 or 0.2% of the Group's total non-current assets, arising from the deductible temporary differences related to the Group's plant and equipment and unused tax losses from our new Paediatrics segment.



## Current Assets

As at 30 June 2018, current assets amounted to S\$22.7 million or 44.4% of the Group's total assets. Current assets consist of the following:

- Inventories of S\$1.7 million or 7.3% of the Group's total current assets. The increase of S\$0.1 million or 4.0% is due mainly to higher inventories balance held by our Dermatology segment as at 30 June 2018.
- Trade and other receivables of S\$2.8 million or 12.4% of the Group's total current assets. The increase of S\$0.3 million or 11.6% is due mainly to the increase in our specialist medical practitioners' professional fees due from hospitals and insurance companies. The outstanding professional fees are fairly current with no significant collection issues.
- Cash and cash equivalents of S\$18.2 million or 80.3% of the Group's total current assets. The increase of S\$1.8 million or 11.0% is due mainly to:
  1. S\$6.0 million net cash inflows from operating activities in 1H 2018; offset by
  2. S\$4.2 million paid for FY 2017 final dividend to shareholders in May 2018.

## Non-Current Liabilities

As at 30 June 2018, non-current liabilities amounted to S\$0.1 million or 2.1% of the Group's total liabilities. Non-current liabilities consist of only deferred tax liabilities.

Deferred tax liabilities arose from the timing differences in tax payable of the Group's plant and equipment.

## Current Liabilities

As at 30 June 2018, current liabilities amounted to S\$5.6 million or 97.9% of the Group's total liabilities. Current liabilities consist of the following:

- Trade and other payables of S\$3.3 million or 59.4% of the Group's total current liabilities. The decrease of S\$0.5 million or 13.1% is due mainly to:
  1. The payout of S\$1.7 million for FY 2017 incentive bonus to our specialist medical practitioners in June 2018; offset by

2. S\$1.2 million in accrual for 1H 2018 incentive bonus for our specialist medical practitioners.
- Deferred revenue remained consistent at S\$0.4 million or 8.1% of the Group's total current liabilities. It relates to antenatal and aesthetics package fees collected upfront from patients for consultations and/or procedures that have yet to be performed.
  - Current tax liabilities of S\$1.8 million or 32.6% of the Group's total current liabilities. It comprises income tax payables of S\$0.7 million and S\$1.1 million for FY 2017 and 1H 2018 respectively.

### **Shareholders' Equity**

As at 30 June 2018, shareholder's equity of S\$45.5 million comprises the following:

- Issued and fully paid share capital of S\$29.6 million.
- Reserves of S\$15.9 million which comprise:
  1. Capital reserve of S\$1.8 million which represents the difference between the fair value of the purchase consideration paid by the Company and the fair value of the net assets of Choo Wan Ling Women's Clinic Pte. Ltd. and Beh's Clinic for Women Pte. Ltd. acquired by the Company in 2014;
  2. Retained earnings of S\$15.8 million; offset by
  3. Merger reserve of S\$1.7 million which represents the difference between the consideration paid by the Company and the fair value of the net assets of Heng Clinic and KW Lee Clinic & Surgery for Women Pte. Ltd. acquired by the Company.

### **Review of the Group's Cash Flows**

#### **Net Cash Generated from Operating Activities**

For Q2 2018, there was a net cash inflows of S\$2.5 million from operating activities. This comprises operating cash inflows before changes in working capital of S\$4.5 million, net working capital outflows of S\$1.4 million and income tax paid of S\$0.6 million. The net working capital outflows of S\$1.4 million is due mainly to the payout of FY 2017 incentive bonus to our specialist medical practitioners in June 2018.

For 1H 2018, the Group generated a net cash inflows from operating activities of S\$6.1 million which is an increase of S\$2.2 million or 57.4% as compared to

S\$3.9 million in the previous corresponding period. The increase is due mainly to a higher profit before tax of S\$2.4 million as compared to the previous corresponding period.

### **Net Cash Used in Investing Activities**

For Q2 2018, the net cash used in investing activities amounted to S\$6,000 which was attributed to the acquisition of computer and software for our O&G segment.

For 1H 2018, the net cash used in investing activities amounted to S\$39,000 which was attributed to:

- The acquisition of plant and equipment of S\$73,000; offset by
- Interest received of S\$34,000 from our fixed deposit placement.

### **Net Cash used in Financing Activities**

For Q2 2018 and 1H 2018, the net cash used in financing activities amounted to S\$4.2 million which was attributed to the FY 2017 final dividend paid to shareholders in May 2018.

## **9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The Board of Directors noted in the last financial statements announcement that barring any unforeseen circumstances, the Board expects the Group to remain profitable. The Group has remained profitable.

## **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.**

As at the date of this Announcement, the Board of Directors are not aware of any significant change in trends and competitive conditions that will significantly affect the Group's operations and businesses. The Singapore Government has not changed its policy on or actions in encouraging population growth nor has there been any macro health risks, such as Severe Acute Respiratory, Middle East Respiratory Syndrome and Zika virus, which could severely affect private healthcare visitations.

On 1 July 2017, the Group extended its services through the offering of maiden general paediatrics and adolescent medicine services (the "**Paediatrics segment**"). The new Paediatrics segment allows the Group to continue to take

care of our existing patients and their newborns. As this is a new segment which is currently in its start-up phase, the Group expects the contribution from this segment to be moderate for FY 2018.

Barring any unforeseen circumstances, the Board of Directors expects the Group to remain profitable in the next reporting period and the next 12 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.**

Interim cash dividend of S\$3,814,424 has been declared.

**(B)(i) Amount per share**

0.80 Singapore cents per share (based on 476,803,002 shares).

**(B)(ii) Previous corresponding period**

0.61 Singapore cents per share (based on 476,803,002 shares).

**(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 the shareholders, this must be stated)**

The dividend is one-tier tax exempt.

**(D) The date the dividend is payable**

The dividend will be paid on 3 September 2018.

**(E) The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.**

**NOTICE IS HEREBY GIVEN** that the Share Transfer Books and Register of Members of the Company will be closed at 5:00 p.m. on 20 August 2018 for the purpose of determining entitlements of ordinary shareholders to the one-tier tax exempt Interim Dividend of 0.80 Singapore cents per ordinary share for FY 2018.

Duly completed registrable transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #02-00, Singapore 068898, up to 5:00 p.m. on 20 August 2018 will be registered before entitlements to the Interim Dividend are determined.

Members whose securities accounts with The Central Depository (Pte) Ltd. are credited with the Company's ordinary shares as at 5:00 p.m. on 20 August 2018 will be entitled to the Interim Dividend.

**12 If no dividend has been declared (recommended), a statement to that effect.**

Not applicable.

**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 4 June 2015, the Company received net proceeds of S\$9.2 million (after deducting listing and processing fees, professional fees and placement commission and other expenses) from the placement of new shares.

As at the date of this Announcement, the use of IPO proceeds is as follows:

Use of IPO proceeds	Amount Allocated S\$'000	Amount Utilised S\$'000	Amount Unutilised S\$'000
Expansion of business operations <sup>1</sup>	3,000	(481)	2,519
Investments in healthcare professionals and synergistic businesses <sup>2</sup>	6,000	(6,000)	-
Working capital purposes	200	-	200
<b>Total</b>	<b>9,200</b>	<b>(6,481)</b>	<b>2,719</b>

Note:

<sup>1</sup> The amount of S\$0.5 million for the expansion of business operations category has been utilised for the set-up cost of the following clinics:

- S\$0.2 million for SK Lim Clinic, located at Mount Elizabeth Novena Specialist Centre #06-53 in May 2016;
- S\$0.2 million for SC Hong Clinic, located at Mount Alvernia Medical Centre #07-62 in July 2016; and
- S\$0.1 million for PAED-Central Clinic, located at 11A Boon Tiong Road #01-11 in November 2017.

<sup>2</sup> The amount of S\$6.0 million for the investments in healthcare professionals and synergistic businesses category has been utilised to pay the first tranche cash consideration of S\$6.0 million for the JL Acquisition in January 2016, in accordance with the terms and conditions of the Framework Agreement dated 4 November 2015 and the Sale and Purchase Agreement dated 31 December 2015.

**15 Confirmation pursuant to Rule 705(5) of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited.**

The Board of Directors hereby confirms that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements of the Group and the Company for the second quarter and half year ended 30 June 2018 to be false or misleading in any material aspect.

**16 Confirmation pursuant to Rule 720(1) of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited.**

The Board of Directors hereby confirms that the undertakings under Rule 720(1) of the Catalist Rules have been obtained from all its Directors and Executive Officers as required in the format as set out in Appendix 7H.

**BY ORDER OF THE BOARD**

DR. BEH SUAN TIONG  
EXECUTIVE CHAIRMAN  
7 AUGUST 2018

*This announcement has been prepared by the Company and its content have been reviewed by the Company's Sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not 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 accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.*

*The contact person for the Sponsor is Mr. Lance Tan, Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and Email: sponsorship@ppcf.com.sg).*