



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

THIRD QUARTER 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 STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER AND PERIOD ENDED 30 SEPTEMBER 2018

	Third quarter			9 months ended		
	30/09/2018	30/09/2017	Increase/ (decrease)	30/09/2018	30/09/2017	Increase/ (decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	22,052	18,540	18.9	62,876	49,203	27.8
Cost of sales	(12,484)	(10,825)	15.3	(34,711)	(28,200)	23.1
Gross profit	9,568	7,715	24.0	28,165	21,003	34.1
Other items of income						
Financial income	14	6	133.3	43	11	290.9
Other income	34	42	(19.0)	359	213	68.5
Other items of expense						
Distribution and selling expenses	(1,005)	(748)	34.4	(2,671)	(2,118)	26.1
Administrative expenses	(4,793)	(4,345)	10.3	(13,891)	(11,509)	20.7
Financial expenses	(295)	(163)	81.0	(810)	(389)	108.2
Share of results of joint ventures and associate	102	(66)	N.M	105	(228)	N.M
Profit before tax	3,625	2,441	48.5	11,300	6,983	61.8
Income tax expense	(556)	(290)	91.7	(1,321)	(779)	69.6
Profit for the period	3,069	2,151	42.7	9,979	6,204	60.8
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation	(157)	(19)	726.3	(380)	(82)	363.4
Total comprehensive income for the period	2,912	2,132	36.6	9,599	6,122	56.8
Profit attributable to:						
Owners of the Company	3,157	1,976	59.8	9,984	5,988	66.7
Non-controlling interests	(88)	175	N.M	(5)	216	N.M
	3,069	2,151	42.7	9,979	6,204	60.8
Total comprehensive income attributable to:						
Owners of the Company	3,000	1,957	53.3	9,604	5,906	62.6
Non-controlling interests	(88)	175	N.M	(5)	216	N.M
	2,912	2,132	36.6	9,599	6,122	56.8

N.M: Not meaningful

The profit before tax is determined after charging/(crediting) the following:

	<u>Third quarter</u>			<u>9 months ended</u>		
	<u>30/09/2018</u>	<u>30/09/2017</u>	<u>Increase/ (decrease)</u>	<u>30/09/2018</u>	<u>30/09/2017</u>	<u>Increase/ (decrease)</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Depreciation and amortisation	922	684	34.8	2,967	1,825	62.6
Operating lease expenses	1,438	1,317	9.2	3,841	3,374	13.8
Personnel expenses	5,541	4,315	28.4	14,817	12,421	19.3
Share-based compensation expense	57	58	(1.7)	172	254	(32.3)
Loss/(Gain) on disposal of property, plant and equipment	-	52	(100.0)	(24)	(2)	1100.0
Reversal of impairment loss on investment in joint venture	-	-	-	(167)	-	100.0

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>	
	<u>30/09/2018</u>	<u>31/12/2017</u>	<u>30/09/2018</u>	<u>31/12/2017</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
ASSETS				
Non-current assets				
Property, plant and equipment	14,481	13,506	2,496	1,922
Intangible assets ¹	125,773	119,199	-	-
Investment in subsidiaries	-	-	23,010	17,813
Investment in joint ventures and associate	7,480	1,532	8,512	1,840
Other receivables	2,029	1,495	1,343	1,082
Deferred tax assets	811	1,039	170	170
	<u>150,574</u>	<u>136,771</u>	<u>35,531</u>	<u>22,827</u>
Current assets				
Inventories	1,819	1,521	-	-
Trade receivables	5,764	4,749	-	-
Prepayments	1,241	1,142	706	691
Other receivables	1,037	2,122	66	1,137
Due from related companies	-	-	92,132	79,401
Cash and cash equivalents	18,312	21,326	7,483	8,772
	<u>28,173</u>	<u>30,860</u>	<u>100,387</u>	<u>90,001</u>
Total assets	<u>178,747</u>	<u>167,631</u>	<u>135,918</u>	<u>112,828</u>
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	2,013	1,912	2	2
Other payables and accruals	9,338	9,241	615	1,103
Deferred purchase consideration	13,273	17,379	1,000	-
Due to related companies	-	-	19,201	8,156
Obligations under finance leases	1,502	883	283	-
Loans and borrowings	4,842	2,327	305	359
Income tax payable	1,723	1,776	-	-
	<u>32,691</u>	<u>33,518</u>	<u>21,406</u>	<u>9,620</u>
Net current (liabilities)/assets	<u>(4,518)</u>	<u>(2,658)</u>	<u>78,981</u>	<u>80,381</u>
Non-current liabilities				
Other payables	-	1,428	-	-
Deferred purchase consideration	4,853	15,668	-	-
Obligations under finance leases	2,019	897	425	-
Loans and borrowings	11,132	7,375	-	214
Provisions	309	309	15	15
Deferred tax liabilities	103	103	-	-
	<u>18,416</u>	<u>25,780</u>	<u>440</u>	<u>229</u>
Total liabilities	<u>51,107</u>	<u>59,298</u>	<u>21,846</u>	<u>9,849</u>
Net assets	<u>127,640</u>	<u>108,333</u>	<u>114,072</u>	<u>102,979</u>

	<u>Group</u>		<u>Company</u>	
	30/09/2018 S\$'000	31/12/2017 S\$'000	30/09/2018 S\$'000	31/12/2017 S\$'000
<u>Equity attributable to owners of the Company</u>				
Share capital	118,511	108,738	118,511	108,738
Share option reserve	698	526	698	526
Foreign currency translation reserve	(492)	(112)	-	-
Accumulated profits/(losses)	9,115	(869)	(5,137)	(6,285)
	127,832	108,283	114,072	102,979
Non-controlling interests	(192)	50	-	-
Total equity	127,640	108,333	114,072	102,979
Total equity and liabilities	178,747	167,631	135,918	112,828

¹ The Group is still in the process of completing the purchase price allocation on the acquisition of Babies and Children Specialist Clinic Pte. Ltd. and Pheniks Pte. Ltd. and the goodwill arising from these acquisitions of S\$14,180,000 is subject to change.

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

Amount repayable in one year or less, or on demand

At 30/09/2018		At 31/12/2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
5,087	1,257	2,851	359

Amount repayable after one year

At 30/09/2018		At 31/12/2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
11,246	1,905	8,058	214

Details of any collateral

Loans and borrowings

Loans and borrowings amounting to S\$12,812,000 (31/12/2017: S\$9,129,000) are secured by: (i) a charge over the share capital of 8 wholly-owned subsidiaries; (ii) an assignment of the sale and purchase agreements and the Deed of Profit Guarantee in relation to the Astra Companies¹; (iii) a first fixed charge over the consultancy agreements of certain doctors of the Group; (iv) a fixed and floating charge on all assets of the Astra Companies; and (v) corporate guarantee taken by 2 subsidiaries of the Group.

¹ Astra Companies comprise Astra Women's Specialists (WB) Pte. Ltd., The Women's Specialist Centre (HC) Pte. Ltd., Fong's Clinic (TB) Pte. Ltd., Astra Centre for Women & Fertility Pte. Ltd., Astra Women's Specialists (JL) Pte. Ltd., TCK@Novena Pte. Ltd. and Alpha Healthcare International Pte. Ltd.

Obligations under finance leases

Obligations under finance leases amounting to S\$3,521,000 (31/12/2017: S\$1,780,000) are secured by the Group's medical equipment with carrying amount of approximately S\$5,441,000 (31/12/2017: S\$2,958,000).

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

	<u>Third quarter</u>		<u>9 months ended</u>	
	<u>30/09/2018</u>	<u>30/09/2017</u>	<u>30/09/2018</u>	<u>30/09/2017</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Profit before tax	3,625	2,441	11,300	6,983
<u>Adjustments for:</u>				
Depreciation of property, plant and equipment	922	684	2,967	1,825
Interest income	(14)	(6)	(43)	(11)
Interest expense	212	152	575	363
Amortisation of loan costs	11	11	34	26
Accretion of interest on deferred purchase consideration	72	-	201	-
Loss/(Gain) on disposal of property, plant and equipment	-	52	(24)	(2)
Reversal of impairment loss on investment in joint venture	-	-	(167)	-
Share-based compensation expense	57	58	172	254
Share of results of joint venture and associate	(102)	66	(105)	228
Total adjustments	1,158	1,017	3,610	2,683
Operating profit before working capital change	4,783	3,458	14,910	9,666
<u>Change in working capital</u>				
(Increase)/decrease in:				
Inventories	(52)	(1)	(193)	(246)
Trade and other receivables	(592)	(24)	(439)	(1,585)
Prepayments	(66)	283	(143)	(212)
(Decrease)/increase in:				
Trade payables	(363)	190	14	254
Other payables and accruals	197	(224)	(1,945)	165
Total change in working capital	(876)	224	(2,706)	(1,624)
Cash flow generated from operations	3,907	3,682	12,204	8,042
Interest received	14	6	43	11
Interest paid	(223)	(152)	(573)	(363)
Income taxes paid	(398)	(64)	(1,147)	(254)
Net cash flows generated from operating activities	3,300	3,472	10,527	7,436
Cash flows from investing activities				
Purchase of property, plant and equipment	(291)	(1,582)	(2,909)	(2,271)
Proceeds from sale of property, plant and equipment	-	11	60	88
Net cash outflow on acquisition of subsidiaries	(5,009)	(4,767)	(16,365)	(15,767)
Investment in associate	-	-	(5,818)	-
Investment in joint venture	-	1	-	(103)
Convertible loan to a joint venture	-	(314)	(306)	(314)
Net cash flows used in investing activities	(5,300)	(6,651)	(25,338)	(18,367)

	<u>Third quarter</u>		<u>9-months ended</u>	
	<u>30/09/2018</u>	<u>30/09/2017</u>	<u>30/09/2018</u>	<u>30/09/2017</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Cash flows from financing activities				
Dividend paid to non-controlling interests	-	-	-	(226)
Proceeds from issuance of shares	6,876	26	7,088	15,551
Share issuance expenses	(304)	(149)	(312)	(372)
Proceeds from loans and borrowings	2,500	-	10,600	10,900
Repayment of loans and borrowings	(2,754)	(743)	(4,375)	(1,818)
Repayment under finance leases	(325)	(8)	(1,204)	(633)
Net cash flows generated from/(used in) financing activities	5,993	(874)	11,797	23,402
Net increase/(decrease) in cash and cash equivalents	3,993	(4,053)	(3,014)	12,471
Cash and cash equivalents at the beginning of financial period	14,294	24,323	21,301	7,799
Cash and cash equivalents at the end of financial period	18,287	20,270	18,287	20,270

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

	<u>Third quarter</u>		<u>9 months ended</u>	
	<u>30/09/2018</u>	<u>30/09/2017</u>	<u>30/09/2018</u>	<u>30/09/2017</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Cash and cash equivalents as stated in the consolidated statement of financial position	18,312	20,295	18,312	20,295
Less: Deposit pledged for bank facility	(25)	(25)	(25)	(25)
Cash and cash equivalents as stated in the consolidated statement of cash flows	18,287	20,270	18,287	20,270

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						
	Share capital	Share option reserve	Foreign currency translation reserve	Accumulated profits/ (losses)	Total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2018	108,738	526	(112)	(869)	108,283	50	108,333
Profit for the period	-	-	-	9,984	9,984	(5)	9,979
Foreign currency translation differences	-	-	(380)	-	(380)	-	(380)
Total comprehensive income for the period	-	-	(380)	9,984	9,604	(5)	9,599
Issue of shares	7,088	-	-	-	7,088	-	7,088
Share issuance expenses	(312)	-	-	-	(312)	-	(312)
Share-based compensation expense	-	172	-	-	172	-	172
Acquisition of subsidiary	2,997	-	-	-	2,997	(237)	2,760
At 30 September 2018	118,511	698	(492)	9,115	127,832	(192)	127,640
At 1 January 2017	29,197	325	(19)	(6,216)	23,287	639	23,926
Profit for the period	-	-	-	5,988	5,988	216	6,204
Foreign currency translation differences	-	-	(82)	-	(82)	-	(82)
Total comprehensive income for the period	-	-	(82)	5,988	5,906	216	6,122
Issue of shares	15,551	-	-	-	15,551	-	15,551
Share issuance expenses	(372)	-	-	-	(372)	-	(372)
Share-based compensation expense	-	254	-	-	254	-	254
Acquisition of subsidiaries	56,354	-	-	-	56,354	-	56,354
Acquisition of non-controlling interests without a change in control	3,748	-	-	(3,152)	596	(596)	-
Dividend on ordinary shares	-	-	-	-	-	(226)	(226)
At 30 September 2017	104,478	579	(101)	(3,380)	101,576	33	101,609

<u>Company</u>	Share capital	Share option reserve	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2018	108,738	526	(6,285)	102,979
Total comprehensive income for the period	-	-	1,148	1,148
Issue of shares	7,088	-	-	7,088
Share issuance expenses	(312)	-	-	(312)
Share-based compensation expense	-	172	-	172
Acquisition of subsidiary	2,997	-	-	2,997
At 30 September 2018	118,511	698	(5,137)	114,072
At 1 January 2017	29,197	325	(6,965)	22,557
Total comprehensive income for the period	-	-	485	485
Issue of shares	15,551	-	-	15,551
Share issuance expenses	(372)	-	-	(372)
Share-based compensation expense	-	254	-	254
Acquisition of subsidiaries	56,354	-	-	56,354
Acquisition of non-controlling interests without a change in control	3,748	-	-	3,748
At 30 September 2017	104,478	579	(6,480)	98,577

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.

Share capital

	2018		2017	
	No. of shares '000	S\$'000	No. of shares '000	S\$'000
<u>Issued and fully paid ordinary shares</u>				
At 1 July	466,171	111,939	425,177	87,082
Issued for Rights Issue (note 1)	14,256	6,843		
Issued for acquisition of subsidiaries (note 2)	-	-	21,025	13,771
Share issuance expenses (note 3)	-	(304)	-	(149)
Issued for acquisition of non-controlling interests in a subsidiary (note 4)	-	-	5,392	3,748
Issued upon exercise of share options (note 5)	225	33	165	26
At 30 September	480,652	118,511	451,759	104,478

Note 1

The Company had on 18 June 2018 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 23,341,800 new ordinary shares in the issued share capital of the Company, at an issue price of S\$0.48 for each rights share, on the basis of one rights share for every twenty existing ordinary shares in the issued share capital of the Company held by entitled shareholders (the "Rights Issue"). Following the completion of the Rights Issue on 10 July 2018, the share capital of the Company has increased from S\$111.9 million to S\$118.6 million and the total number of issued shares has increased from 466,171,036 shares to 480,426,635 shares.

Note 2

The Company had on 6 July 2017 issued a total of 21,024,931 ordinary shares to 2 individuals, pursuant to the sale and purchase agreements dated 12 June 2017 between the Company, SMG Kids Clinic Pte. Ltd. and the 2 individuals, to acquire the entire equity interest in Children Clinic Central Pte. Ltd. ("CCC") and Kids Clinic @ Bishan Pte. Ltd. ("KCB"). Upon completion of these acquisitions, CCC and KCB became wholly-owned subsidiaries of the Group.

Note 3

The share issuance expenses were incurred for the issuance of shares for the Rights Issue (refer to note 1) and the acquisition of a subsidiary, Pheniks Pte. Ltd. ("Pheniks"), a company operating an aesthetic business under the clinic name SW1, on 23 April 2018. The share issuance expenses in the prior period were incurred as a result of the acquisition of CCC and KCB (refer to note 2) and acquisition of non-controlling interests in a subsidiary (refer to note 4).

Note 4

The Company had on 14 July 2017 issued 5,392,428 ordinary shares to Dr Wong Seng Weng pursuant to the sale and purchase agreement dated 20 April 2017 between the Company and Dr Wong Seng Weng to acquire additional 10% equity interest in Cancer Centre Pte. Ltd. Upon the completion of the acquisition, Cancer Centre Pte. Ltd became a 90% owned subsidiary of the Company.

Note 5

The Company had on 24 August 2018 issued 225,000 ordinary shares (Third quarter ended 30/09/2017: 165,000) following the exercise of share options under the SMG Share Option Scheme.

Share Option

The SMG Share Option Scheme (“**SSOS**”) was approved by the shareholders at the Extraordinary General Meeting on 30 April 2014. During the third quarter ended 30 September 2018, no share options (Third quarter ended 30/09/2017: Nil) were granted to employees under the SSOS. As at 30 September 2018, the number of shares that may be issued on conversion of all the outstanding share options were 10,935,000 (30/09/2017: 7,970,000).

The movement of share options of the Company during the financial period from July to September 2018 is as follows:

Date of grant of options	Exercise price per share	Options outstanding at 01/07/2018	Options granted	Options exercised	Options forfeited/expired	Options outstanding at 30/09/2018	Expiry date
10/07/2015	S\$0.145	225,000	-	(225,000)	-	-	09/07/2020
22/09/2016	S\$0.303	4,880,000	-	-	-	4,880,000	21/09/2021
03/04/2017	S\$0.545	675,000	-	-	-	675,000	02/04/2022
30/04/2018	S\$0.493	5,380,000	-	-	-	5,380,000	29/04/2023
		<u>11,160,000</u>	-	<u>(225,000)</u>	-	<u>10,935,000</u>	

Performance Share Plan

In addition to the SSOS, share awards can be granted to employees under the SMG Performance Share Plan (“**SPSP**”), which was approved by the shareholders at the Extraordinary General Meeting on 30 April 2014.

Depending on the achievement of pre-determined targets over the performance periods for the SPSP, the final number of performance shares awarded will be adjusted accordingly.

During the third quarter ended 30 September 2018, no performance shares (Third quarter ended 30/09/2017: Nil) were granted to employees under the SPSP. As at 30 September 2018, the number of outstanding performance shares granted under the SPSP were 336,000 (30/09/2017: Nil).

The details of the shares granted under SPSP are as follows:

Date of grant	Number of Performance Shares				Outstanding at 30/09/2018
	Outstanding at 01/07/2018	Granted	Adjustments [#]	Vested	
30/04/2018	336,000	-	-	-	336,000
	<u>336,000</u>	-	-	-	<u>336,000</u>

[#] Adjustment will be made at the end of each performance period upon meeting pre-determined performance targets by multiplying the higher of: (i) accumulated dividend yield; or (ii) 3% per annum on a compounded basis for the respective performance period.

Save as disclosed above, there were no other outstanding options and convertibles as at 30 September 2018 and 30 September 2017.

There were no treasury shares or subsidiary holdings held by the Company as at 30 September 2018 and 30 September 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.

	As at 30/09/2018	As at 31/12/2017
Total number of issued shares (excluding treasury shares)	<u>480,651,635</u>	<u>459,415,672</u>

There were no treasury shares as at 30 September 2018 and 31 December 2017.

1(d)(iv) A statement showing all sales, transfer, 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 30 September 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.

Not applicable as the Company did not hold any subsidiary holdings as at 30 September 2018 and 31 December 2017.

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 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 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 2018. 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 financial 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).

	Third quarter		9 months ended	
	30/09/2018	30/09/2017	30/09/2018	30/09/2017
Net profit attributable to the owners of the Company (S\$'000)	3,157	1,976	9,984	5,988
Earnings per share (cents per share)				
- Basic	0.66	0.44	2.13	1.46
- Diluted	0.66	0.44	2.13	1.45

The basic earnings per share for the third quarter and 9 months ended 30 September 2018 is calculated by dividing the net profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue of 479,125,000 and 467,849,659 (Third quarter and 9 months ended 30 September 2017: 449,723,894 and 408,960,463) respectively. The diluted earnings per share for the third quarter and 9 months ended 30 September 2018 is calculated by dividing the net profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue of 480,369,321 and 468,468,232 (Third quarter and 9 months ended 30 September 2017: 452,799,012 and 412,365,322) respectively. 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.

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	
	30/09/2018	31/12/2017	30/09/2018	31/12/2017
Net asset value per ordinary share (cents)	26.60	23.57	23.73	22.42

Net asset value per ordinary share is calculated based on 480,651,635 and 459,415,672 ordinary shares outstanding as at 30 September 2018 and 31 December 2017, 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**

Statement of Comprehensive Income

Revenue

The Group's revenue increased by 18.9% from S\$18.5 million for the three-month financial period ended 30 September 2017 ("**3Q2017**") to S\$22.1 million for the three-month period ended 30 September 2018 ("**3Q2018**"). The increase was mainly due to:

- (a) Increase in revenue of Health Business segment by S\$0.6 million mainly contributed by the Kids Clinics¹ and the organic growth of the existing specialist clinics; and

(b) Increase in revenue of Diagnostic & Aesthetics Business segment by S\$3.0 million mainly contributed by the new imaging centre at Novena and the contribution from the aesthetic clinic, which was acquired at the end of April 2018.

For the nine-month financial period ended 30 September 2018 (“YTD2018”), the Group’s revenue increased by 27.8% from S\$49.2 million for the nine-month period ended 30 September 2017 (“YTD2017”) to S\$62.9 million. The increase was mainly due to the same reasons as mentioned above.

¹ Kids Clinics comprises Children’s Clinic Central Pte. Ltd., Kids Clinic @ Bishan Pte. Ltd., and Babies and Children Specialist Clinic Pte. Ltd., all of which were acquired by the Group in the second half of 2017.

Gross profit

Gross profit increased by 24.0% from S\$7.7 million for 3Q2017 to S\$9.6 million for 3Q2018 as a result of increase in revenue. Gross profit margin increased by one percentage point from 42% in 3Q2017 to 43% in 3Q2018 mainly due to the change in sales mix of the Health Business segment and Diagnostic & Aesthetics Business segment.

For YTD2018, gross profit increased by 34.1% from S\$21.0 million for YTD2017 to S\$28.2 million while gross profit margin increased by two percentage point from 43% in YTD2017 to 45% in YTD2018. The increase was mainly due to the same reasons as mentioned above.

Other income

Other income decreased by 19.0% from S\$42,000 for 3Q2017 to S\$34,000 for 3Q2018 mainly due to lower miscellaneous income such as government grants.

For YTD2018, other income increased by 68.5% to S\$359,000. The increase was mainly due to the reversal of impairment loss on the Group’s investment in a joint venture.

Distribution and selling expenses

Distribution and selling expenses increased by 34.4% from S\$0.7 million for 3Q2017 to S\$1.0 million for 3Q2018 mainly driven by increase in revenue.

For YTD2018, distribution and selling expenses increased by 26.1% from S\$2.1 million for YTD2017 to S\$2.7 million. The increase was mainly due to the same reason as mentioned above.

Administrative expenses

Administrative expenses increased by 10.3% from S\$4.3 million for 3Q2017 to S\$4.8 million for 3Q2018. This was mainly due to increase in staff headcount arising from the acquired subsidiaries and a higher depreciation expense during the financial period.

For YTD2018, administrative expenses increased by 20.7% from S\$11.5 million for YTD2017 to S\$13.9 million. The increase was mainly due to the same reasons as mentioned above.

Financial expenses

Financial expenses increased by 81.0% from S\$163,000 for 3Q2017 to S\$295,000 for 3Q2018 mainly due to interest expenses on additional bank loans secured to fund the consideration for acquisitions and new finance leases obtained in 2018, and accretion of interest on deferred purchase consideration.

For YTD2018, financial expenses increased by 108.2% from S\$389,000 for YTD2017 to S\$810,000. The increase was mainly due to the same reasons as mentioned above.

Share of results of joint ventures and associate

The Group has share of profit of joint ventures and associate of S\$102,000 for 3Q2018 compared to share of loss of joint ventures and associate of S\$66,000 for 3Q2017. This is mainly due to improvement in the financial performance of the joint venture entity, PT Ciputra SMG, and share of profit from the associated company, CHA SMG (Australia) Pte. Ltd. (“**CSA**”), offset by losses incurred by the joint venture entity, SMG International (Vietnam) Pte. Ltd. (“**SMGIV**”)

For YTD2018, the Group has share of profit of joint ventures and associate of S\$105,000 compared to share of loss of joint ventures and associate of S\$228,000 for YTD2017. The reason for the decrease is the same as mentioned above.

Income tax expense

Income tax expense increased by 91.7% from S\$0.3 million for 3Q2017 to S\$0.6 million for 3Q2018. This is due to improved profits of the Group during the financial period and decrease in deferred tax assets arising from the utilisation of most of the Group’s unabsorbed tax losses carried forward from prior periods.

For YTD2018, income tax expense increased by 69.6% from S\$0.8 million for YTD2017 to S\$1.3 million. The reason for the increase is the same as mentioned above.

Statement of Financial Position

Non-current assets increased by S\$13.8 million from S\$136.8 million as at 31 December 2017 to S\$150.6 million as at 30 September 2018, mainly due to:

- (a) Increase in property, plant and equipment mainly due to additions of medical equipment, offset by depreciation charged for the financial period;
- (b) Increase in intangible assets of S\$6.6 million as a result of goodwill arising from the acquisition of Pheniks;
- (c) Increase in investment in joint ventures and associate mainly due to the Group’s investment in CSA in February 2018; and
- (d) Increase in other non-current receivables as a result of increase in rental deposits from the lease of a new premise during the financial period and reclassification of rental deposits from current to non-current following the renewal of existing leases, and additional convertible loan provided to a joint venture.

Current assets decreased by S\$2.7 million from S\$30.9 million as at 31 December 2017 to S\$28.2 million as at 30 September 2018, mainly due to decrease in cash and cash equivalents and other receivables of S\$3.0 million and S\$1.1 million respectively, offset by increase in inventories, trade receivables and prepayments of S\$0.3 million, S\$1.0 million and S\$0.1 million respectively.

Current liabilities decreased by S\$0.8 million from S\$33.5 million as at 31 December 2017 to S\$32.7 million as at 30 September 2018, mainly due to decrease in the current portion of the deferred purchase consideration of S\$4.1 million arising from the payment of deferred consideration, offset by: (a) increase in trade payables of S\$0.1 million; (b) increase in other payables and accruals of S\$0.1 million; (c) increase in current portion of loans and borrowings of S\$2.5 million arising from new bank loans obtained during the financial period; and (d) increase in the current portion of obligations under finance leases of S\$0.6 million arising from new finance leases obtained during the financial period.

Non-current liabilities decreased by S\$7.4 million from S\$25.8 million as at 31 December 2017 to S\$18.4 million as at 30 September 2018, mainly due to decrease in non-current other payables and the non-current portion of the deferred purchase consideration as a result of: (i) reclassification from non-current to current during the financial period, and (ii) payment of the deferred consideration, offset by increase in loans and borrowings, and obligations under finance leases arising from new bank loans and finance leases obtained during the financial period.

Please refer to paragraph 1(d)(ii) for details of increase in share capital.

The Group has net current liabilities of S\$4.5 million (31/12/2017: S\$2.7 million) as at 30 September 2018 mainly due to the deferred purchase consideration of S\$13.3 million which is expected to be paid within the next 12 months. Based on the Group's projected cash flows and with debt facilities secured with financial institutions, management believes that the Group will have sufficient funds from its operations to meet its financial obligations.

Statement of Cash Flows

Net cash flows generated from operating activities of S\$3.3 million for 3Q2018 arose mainly from the operating profit before working capital changes of S\$4.8 million, offset by outflow of working capital of S\$0.9 million, interest payment of S\$0.2 million and income tax payment of S\$0.4 million.

Net cash flows used in investing activities of S\$5.3 million for 3Q2018 were mainly attributed to the purchase of property, plant and equipment, and payment of deferred purchase consideration from the acquisition of CCC and KCB of S\$5.0 million.

Net cash flows generated from financing activities of S\$6.0 million for 3Q2018 were mainly from proceeds from issuance of shares of S\$6.9 million and proceeds from loans and borrowings of S\$2.5 million, offset by share issuance expenses of S\$0.3 million and repayment of loans and borrowings and finance leases of S\$2.8 million and S\$0.3 million respectively.

Cash and cash equivalents was S\$18.3 million as at 30 September 2018, compared to S\$21.3 million as at 31 December 2017.

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.

Despite global uncertainty and rising trade tensions, the healthcare sector continues to be resilient and defensive in nature. Against this backdrop, the Group continues to execute its growth initiatives in key specialist verticals such as Obstetrics and Gynaecology (“O&G”) and Paediatrics. Amid rising demand, the Group will be opening a new paediatrics clinic in Punggol as well as a new dental clinic in Bishan (located above our existing paediatrics clinic) to drive additional growth.

Overseas, the Group's joint venture entities continue to improve and have started contributing positively to the Group's performance. The Group has implemented various growth strategies overseas and remains optimistic about the continued growth of these joint ventures.

Following the acquisition of SW1 Clinic in April 2018, the Group has begun to scale its Aesthetics platform and roll it out into the region. The Group will officially launch SW1 Vietnam in November 2018 with the opening of a new 4,000 square feet aesthetics centre. In addition, the Group has plans to penetrate into new geographies such as Malaysia and Indonesia which will serve as another gateway for regional expansion. Closer to home, the Group will open a second SW1 Clinic, at OUE Downtown Gallery. Located in the central business district, this new aesthetics centre will provide convenient access to aesthetics services against the backdrop of rising demand.

In line with its emphasis on the use of technology to improve patient connectivity and service, the Group has developed a proprietary specialist telemedicine platform which provides patients with convenient and confidential medical consultations along with a record keeping database. The Group envisions that both local and patients from across the region may use its telemedicine services to consult with the Group's specialists throughout their treatment cycle. Medical tourists especially, will be able to speak with the Group's specialists without having to leave the comfort of their home. Segments in the market which are likely to benefit are the ageing population, the women's and children's vertical along with other specialist verticals such as oncology.

Lastly, the Board continues to explore various avenues to enhance shareholder value and possible corporate actions that may unlock value for shareholders, given the Group's improved performance, including the possibilities of implementing a formal dividend policy in FY2019 and a share buy-back mandate, subject to all necessary approvals and compliance. Any material developments on future corporate actions will be announced to shareholders accordingly.

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 the nine-month financial period ended 30 September 2018.

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 during the current financial period reported on is disclosed below.

Name of interested person	Aggregate value of all interested person transactions during the financial period under review	
	30/09/2018 S\$'000	30/09/2017 S\$'000
K S Beng Pte Ltd - Rental	146	114
MW Medical Holdings Pte Ltd - Rental	128	135
MW Medical Pte Ltd - Nursing services	9	7
BB Ventures Pte Ltd - Rental	-	32

14. Negative confirmation pursuant to Rule 705(5)

The Board of Directors confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited financial results of the Group for the nine-month financial period ended 30 September 2018 presented in this announcement, to be false or misleading in any material aspect.

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 Rights Issue

Rights Issue

The net proceeds from the Rights Issue (refer to paragraph 1(d)(ii)), which was completed on 10 July 2018 was approximately S\$6.6 million, out of which the following amount had been utilised as at 5 November 2018:

<u>Use of Net Proceeds</u>	<u>Allocation of Net Proceeds</u>	<u>Net Proceeds as at 1 November 2018</u>	<u>Net Proceeds utilised from 1 November 2018 to 5 November 2018</u>	<u>Balance of Net Proceeds as at 5 November 2018</u>
	S\$ million	S\$ million	S\$ million	S\$ million
(i) Merger and acquisitions	4.6	3.2	-	3.2
(ii) Growing existing business	2.0	1.6	-	1.6
	6.6	4.8	-	4.8

The above use of proceeds is in accordance with the intended use as stated in the Offer Information Statement dated 18 June 2018.

BY ORDER OF THE BOARD

Dr Beng Teck Liang
Chief Executive Officer
5 November 2018

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 Catalist. 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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