



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

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**Full year financial statement and dividend announcement for the year ended 31 December 2013**

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**PART I - INFORMATION REQUIRED FOR FULL YEAR RESULTS ANNOUNCEMENTS**

**1(a)(i) 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.**

The Company was incorporated in the Republic of Singapore on 10 September 2013 under the Companies Act (Chapter 50) of Singapore as a private limited company. The group comprising the Company and its subsidiary (the "Group") was formed pursuant to a restructuring exercise (the "Restructuring Exercise") undertaken to streamline and rationalise the Group's structure prior to the Company's listing on Catalist. Please refer to the Company's offer document dated 17 January 2014 (the "Offer Document") for further details on the Restructuring Exercise.

For the purpose of this announcement, the results of the Group for the financial year ended 31 December 2013 and the comparative results of the Group for the financial year ended 31 December 2012 have been prepared on the assumption that the Group structure following the completion of the Restructuring Exercise had been in existence during the periods of presentation because the entities are under common control.

	<b>12 Months ended 31.12.2013 \$'000 (Unaudited)</b>	<b>12 Months ended 31.12.2012 \$'000 (Audited)</b>	<b>Increase/ (Decrease) %</b>
<b>Revenue</b>	56,270	51,857	8.5
<b>Other items of income</b>			
Other income	8	10	(20.0)
<b>Other items of expense</b>			
Employee benefits	(13,606)	(9,787)	39.0
Operating lease expenses	(367)	(287)	27.9
Other operating expenses	(6,500)	(3,299)	97.0
<b>Profit before tax</b>	35,805	38,494	(7.0)
Income tax expense	(7,600)	(6,516)	16.6
<b>Profit for the year representing total comprehensive income for the year attributable to owners of the company</b>	<b>28,205</b>	<b>31,978</b>	<b>(11.8)</b>

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

The Group	12 months ended	12 months ended	Increase / (Decrease) %
	31.12.2013	31.12.2012	
	\$'000	\$'000	
	(Unaudited)	(Audited)	
Depreciation of property, plant and equipment	8	-	N.M
IPO expenses <sup>1</sup>	2,752	-	N.M

<sup>1</sup> This does not take into account the IPO expenses to be capitalised.  
N.M. = not meaningful

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	Group		Company <sup>1</sup>
	31.12.2013	31.12.2012	31.12.2013
	\$'000	\$'000	\$'000
	(Unaudited)	(Audited)	(Unaudited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment	53	-	-
Investment in subsidiaries	-	-	2,312
	<b>53</b>	<b>-</b>	<b>2,312</b>
<b>Current assets</b>			
Trade and other receivables	7,474	6,036	519
Cash and cash equivalents	24,893	16,752	1
	<b>32,367</b>	<b>22,788</b>	<b>520</b>
<b>Total assets</b>	<b>32,420</b>	<b>22,788</b>	<b>2,832</b>
<b>EQUIY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Other payables	8,028	760	-
Accrued operating expense	4,478	3,416	2,026
Amount due to a subsidiary	-	-	1,293
Amount owing to related parties	21	-	-
Income tax payable	7,091	6,516	-
	<b>19,618</b>	<b>10,692</b>	<b>3,319</b>
<b>Net current assets / (liabilities)</b>	<b>12,749</b>	<b>12,096</b>	<b>(2,799)</b>
<b>Net assets / (liabilities)</b>	<b>12,802</b>	<b>12,096</b>	<b>(487)</b>
<b>Equity attributable to owners of the Company</b>			
Share capital	2,313	1	2,313
Merger reserve	(2,311)	-	-
Retained earnings	12,800	12,095	(2,800)
<b>Total equity</b>	<b>12,802</b>	<b>12,096</b>	<b>(487)</b>
<b>Total equity and liabilities</b>	<b>32,420</b>	<b>22,788</b>	<b>2,832</b>

<sup>1</sup> There is no comparative figure for FY2012 as the company was incorporated on 10 September 2013

**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.**

	12 Months ended 31.12.2013 \$'000 (Unaudited)	12 Months ended 31.12.2012 \$'000 (Audited)
<b>Cash Flows from Operating Activities</b>		
Profit before tax	35,805	38,494
Adjustments for:		
Depreciation of property, plant and equipment	8	-
<b>Operating cash flows before working capital changes</b>	<u>35,813</u>	<u>38,494</u>
<u>Changes in working capital</u>		
Increase in trade and other receivables	(1,438)	(470)
Increase/(decrease) in trade and other payables	7,290	(129)
Increase in accrued operating expenses	1,061	3,187
Net changes in working capital	<u>6,913</u>	<u>2,588</u>
<b>Cash flows from operations</b>	42,726	41,082
Income tax paid	<u>(7,025)</u>	<u>(6,694)</u>
<b>Net cash flows from operating activities</b>	<u>35,701</u>	<u>34,388</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of plant and equipment	<u>(61)</u>	-
Net cash used in investing activities	<u>(61)</u>	-
<b>Cash Flows from Financing Activities</b>		
Proceeds from share issuance	1	-
Dividends paid to the then existing shareholders of a subsidiary	<u>(27,500)</u>	<u>(30,000)</u>
Net cash used in financing activities	<u>(27,499)</u>	<u>(30,000)</u>
<b>Net increase in cash and cash equivalents</b>	8,141	4,388
Cash and cash equivalents at 1 January	<u>16,752</u>	<u>12,364</u>
Cash and cash equivalents at 31 December	<u>24,893</u>	<u>16,752</u>

- 1(d)(i) **A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**Statement of Changes in Equity for the period ended 31 December 2013**

<b>The Group (Unaudited)</b>	<b>Share capital \$'000</b>	<b>Merger reserves \$'000</b>	<b>Retained earnings \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 January 2013	1	-	12,095	12,096
Issuance of shares pursuant to the Restructuring Exercise	2,312	(2,311)	-	1
Total comprehensive income for the year	-	-	28,205	28,205
Dividends paid to the then existing shareholders of a subsidiary	-	-	(27,500)	(27,500)
Balance at 31 December 2013	<u>2,313</u>	<u>(2,311)</u>	<u>12,800</u>	<u>12,802</u>
Balance at 1 January 2012	1	-	10,117	10,118
Total comprehensive income for the year	-	-	31,978	31,978
Dividends paid to the then existing shareholders of a subsidiary	-	-	(30,000)	(30,000)
Balance at 31 December 2012	<u>1</u>	<u>-</u>	<u>12,095</u>	<u>12,096</u>
<b>The Company <sup>1</sup> (Unaudited)</b>	<b>Share capital \$'000</b>	<b>Merger reserves \$'000</b>	<b>Retained earnings \$'000</b>	<b>Total equity \$'000</b>
Date of incorporation	1	-	-	1
Issuance of shares pursuant to the Restructuring Exercise	2,312	-	-	2,312
Total comprehensive expense for the year	-	-	(2,800)	(2,800)
Balance at 31 December 2013	<u>2,313</u>	<u>-</u>	<u>(2,800)</u>	<u>(487)</u>

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

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

	Number of ordinary shares	Issued and paid- up share capital \$
Issue of shares at date of incorporation on 10 September 2013	1,000	1,000
Issuance of shares pursuant to the Restructuring Exercise	100,000,000	2,312,356
	<u>100,001,000</u>	<u>2,313,356</u>

	Number of ordinary shares	Issued and paid- up share capital \$
Subdivision of shares pursuant to Restructuring Exercise	552,000,000	2,313,356
Balance as at 31 December 2013	<u>552,000,000</u>	<u>2,313,356</u>

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

	Number of ordinary shares	
	31.12.2013	31.12.2012
Total number of issued shares excluding treasury shares <sup>1</sup>	<u>552,000,000</u>	-

<sup>1</sup> There were no comparative figures for the Company for the prior year period as the company was incorporated on 10 September 2013.

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

There are no shares held as treasury shares as at 31 December 2013 (31 December 2012: Nil).

**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.**

The financial statements have been prepared in accordance with the same accounting policies and method of computation adopted in the audited financial statements of the last financial year except as disclosed in item 5 below.

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.**

In the current year, the Group and the Company adopted the new and revised Financial Reporting Standards ("FRS") that are mandatory for annual periods beginning on and after 1 January 2013. Changes to the Group's and the Company's accounting policies have been made as required in accordance with the transitional provisions in the respective FRS.

The adoption of these amended FRS did not result in substantial changes to the Group's and the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

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.**

<b>The Group</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
Profit attributable to owners of the company (\$'000)	\$28,205	\$31,978
Weighted average number of ordinary shares used in the computation of basic and diluted earnings per share	136,113,748	5,520
Basic and fully diluted earnings per share <sup>1</sup>	20.72 cents	\$5,793
Based on 552 million shares in issue after sub-division of shares as at 31 December 2013	5.11 cents	5.79 cents

**Note:**

<sup>1</sup> Earnings per share was computed based on the profit for FY2013 and FY2012 attributable to equity holders of the Company and the weighted average number of shares of the Company. The weighted average number of shares of the Company for FY2013 is calculated based on 5,520 subscriber shares issued at incorporation and 551,994,480 new shares issued on 3 October 2013.

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.**

	<b>The Group</b>		<b>Company</b>
	<b>31.12.2013</b> (Unaudited)	<b>31.12.2012</b> (Audited)	<b>31.12.2013</b> (Unaudited)
Net assets value (\$'000)	12,802	12,096	(487)
Net assets per ordinary share at end of financial period (cents)	2.32	2.19	(0.09)

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

### **Performance Review**

#### **Revenue**

Revenue grew by \$4.41 million or 8.5% from \$51.86 million in FY2012 to \$56.27 million in FY2013. This was due to the increase in revenue from patients opting for higher value treatment.

#### **Other items of income**

An 8% cash grant of the monthly wages of eligible employees (i.e. Singaporean employees aged above 50 earning up to \$3,000 per month) amounting to \$7,854 was received in FY2013 under the Special Employment Credit Scheme.

#### **Items of expense**

##### *Employee benefits*

Employee benefits comprised remuneration paid to doctors, nurses as well as other medical and administrative support staff. These include salaries and wages, allowances, bonuses and CPF contributions. Employee benefits increased by \$3.82 million or 39% from \$9.79 million in FY2012 to \$13.61 million in FY2013. The increase was mainly due to increase in staff salary, bonus payment, additional staff recruited to support the new clinics set up during FY2013.

### *Operating leases*

Operating lease expenses increased by \$0.08 million or 27.9% from \$0.29 million in FY2012 to \$0.37 million in FY2013 as a result of 3 new operating leases which was effected on 1 October 2013. The 3 new leases include a 3 year lease for the Group's corporate office in United Square and 2 new leases in respect of clinics at Mount Elizabeth Novena Specialist Centre.

### *Other operating expense*

Other operating expenses comprised mainly accounting, professional and legal fees, travelling, insurance, utilities and listing expenses. Other operating expenses increased by \$3.20 million or 97.0% from \$3.30 million in FY2012 to \$6.50 million in FY2013. This increase was mainly due to \$2.80 million in legal and professional fees incurred in respect of the preparation of the listing of the Company.

### **Income Tax**

Income tax expense increased by \$1.08 million or 16.6% from \$6.52 million in FY2012 to \$7.60 million in FY2013. This was mainly due to the IPO expenses that were not tax deductible. The effective tax rate for FY2013 is 21.2% as compared to 16.9% in FY2012.

### **Profit before tax**

The Group recorded a net profit of \$28.21 million in FY2013 compared to \$31.98 million in FY2012. The decrease of \$3.77 million or 11.8% was mainly due to the higher operating and listing expense incurred during the year.

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

#### **Non-current assets**

The Group's non-current assets comprised mainly plant and equipment. Plant and equipment increased by \$0.05 million in FY2013 due to the cost of renovation, furniture and fittings and office equipment for the corporate office.

#### **Current assets**

Current assets comprised mainly trade and other receivables and cash and cash equivalents. Current assets increased by \$9.58 million. The increase in trade and other receivables of \$1.44 million is mainly due to deferred listing expenses of \$0.52 million and the remaining balance is due to increase in revenue. Cash and cash equivalents increased by \$8.14 million.

#### **Current liabilities**

Current liabilities comprised mainly other payables, accrued operating expenses and income tax payable. Current liabilities increased by \$8.93 million. Other payables and accrued operating expenses increased by \$8.33 million due to increase in GST payable and legal and professional fees incurred in connection with our IPO exercise. Income tax payable increased by \$0.58 million due to increase in tax payable.

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

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



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

### **Cash flows from operating activities**

In FY2013, net cash flows from operating activities amounted to \$35.70 million. This comprised operating cash flows before working capital changes of \$35.81 million, net changes in working capital of \$6.91 million, offset by income tax paid of \$7.02 million.

The increase in working capital of \$6.91 million mainly resulted from an increase in trade and other payables and accrued operating expenses of \$7.29 million and \$1.06 million respectively, offset by an increase in trade and other receivables of \$1.44 million.

### **Cash flows from investing activities**

Net cash used in investing activities was \$0.06 million and is attributable to purchase of plant and equipment.

### **Cash flows from financing activities**

Net cash used in financing activities was \$27.50 million and is attributable to dividends paid on ordinary shares to the then existing shareholders of a subsidiary.

### **Net increase in cash and cash equivalent**

The above resulted in net increase in cash and cash equivalents of \$8.14 million. Cash and cash equivalents totalled \$24.89 million as at 31 December 2013.

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

Not applicable

- 10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

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

- 11. If a decision regarding dividend has been made, the required information has been disclosed.**

**(a) Whether an interim (final) ordinary dividend has been declared or recommended**

Final cash dividend of \$7.5 million for FY2013 has been declared, to be approved at the forthcoming Annual General Meeting.

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

\$0.0114 per share (based on the post-IPO issued share capital of 657,143,000 shares)

**(ii) Previous corresponding period**

Nil. The Company was incorporated on 10 September 2013.

**(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)**

The dividend is one tier tax exempt.

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

To be announced at a later date.

**(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.**

To be announced at a later date.

**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.**

Saved as disclosed in pages 115 to 118 of the Offer Document dated 17 January 2014, there were no other IPT of \$100,000 and above for the financial year ended 31 December 2013.

The Group has not obtained a general mandate from its shareholders for Interested Person Transactions.

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

The Group has only one operating segment in the provision of medical oncology services under the Parkway Cancer Centre brand name in Singapore. Management has not identified any business or operating units separately for purpose of making decisions about resource allocation and performance assessment.

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

Not applicable

16. **Breakdown of sales as follows:-**

	Group		Increase/ (decrease) %
	31.12.2013 \$'000 (Unaudited)	31.12. 2012 \$'000 (Audited)	
Sales reported for the first half year	27,039	25,238	7.1
Operating profit after tax reported for first half year	15,723	15,683	0.3
Sales reported for the second half year	29,231	26,619	9.8
Operating profit after tax reported for second half year	12,482	16,295	(23.4)

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

No dividend was paid by the Company in FY2012 and FY2013 as it was incorporated on 10 September 2013. Please refer to item 11 for final dividend declared in respect of FY2013.

Dividend paid to the then existing shareholders of a subsidiary.

		Actual payment date	Dividends for Financial year ended	
			31.12.2013 \$'000	31.12.2012 \$'000
1 <sup>st</sup> interim dividend	One-tier tax exempt	30 Jan 2012	-	\$7,500
		14 Jan 2013	\$7,500	-
2 <sup>nd</sup> interim dividend	One-tier tax exempt	23 Apr 2012	-	\$7,500
		10 Apr 2013	\$7,500	-
3 <sup>rd</sup> interim dividend	One-tier tax exempt	17 Jul 2012	-	\$7,500
		17 Jul 2013	\$7,500	-
4 <sup>th</sup> interim dividend	One-tier tax exempt	17 Oct 2012	-	\$7,500
		30 Aug 2013	\$5,000	-

18. **Use of IPO proceeds**

Subsequent to 31 December 2013, pursuant to the IPO, the Company received net proceeds from the placement of new shares of approximately of \$17.2 million. The IPO proceeds have not been utilised as at the date of this announcement.

	Amount allocated as set out in the Offer Document \$'000	Amount Utilised \$'000	Amount Unutilised \$'000
Use of proceeds from the IPO			
Expanding repertoire of talent pool/healthcare services	10,342	-	10,342
Overseas expansion/improving quality of medical services	6,894	-	6,894
Total	17,236	-	17,236

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

The Group does not have any person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

**BY ORDER OF THE BOARD**

Ang Peng Tiam  
Chief Executive Officer  
27 February 2014

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Hong Leong Finance Limited (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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