



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

---

**FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2015**

---

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY Q1 RESULTS**

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.
- 1(a)(i) The Directors of TalkMed Group Limited (the “Company”) are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the first quarter ended 31 March 2015 (“Q1 2015”).

	Q1 2015 \$'000 (Unaudited)	Q1 2014 \$'000 (Unaudited)	Increase / (Decrease) %
<b>Revenue</b>	16,026	14,444	11.0%
<b>Other item of income</b>			
Other income	96	61	57.4%
<b>Other items of expense</b>			
Employee benefits	(3,377)	(3,241)	4.2%
Operating lease expenses	(196)	(182)	7.7%
Other operating expenses	(268)	(113)	137.2%
<b>Profit before tax</b>	12,281	10,969	12.0%
Income tax expense	(2,063)	(1,802)	14.5%
<b>Profit for the period</b>	<b>10,218</b>	<b>9,167</b>	<b>11.5%</b>
<b>Attributable to:</b>			
Owners of the Company	10,221	9,167	11.5%
Non-controlling interests	(3)	-	N.M.
	<b>10,218</b>	<b>9,167</b>	<b>11.5%</b>

*N.M.= not meaningful*

1(a)(ii) The net profit for the period includes the following charges / (credits):

The Group	Q1 2015 \$'000 (Unaudited)	Q1 2014 \$'000 (Unaudited)	Increase / (Decrease) %
Depreciation of plant and equipment	8	8	N.M.
Interest income	(38)	-	N.M.

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

	Group		Company	
	31/3/2015 \$'000 (Unaudited)	31/12/2014 \$'000 (Audited)	31/3/2015 \$'000 (Unaudited)	31/12/2014 \$'000 (Audited)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Plant and equipment	20	25	-	-
Investment in subsidiaries	-	-	4,113	2,313
	<u>20</u>	<u>25</u>	<u>4,113</u>	<u>2,313</u>
<b>Current assets</b>				
Trade and other receivables	7,489	9,137	16,045	16,045
Cash and cash equivalents	65,615	50,895	19,370	21,426
Prepaid operating expenses	138	41	73	7
	<u>73,242</u>	<u>60,073</u>	<u>35,488</u>	<u>37,478</u>
<b>Total assets</b>	<b><u>73,262</u></b>	<b><u>60,098</u></b>	<b><u>39,601</u></b>	<b><u>39,791</u></b>
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Other payables	1,205	1,333	8	8
Accrued operating expense	716	905	23	34
Income tax payable	10,121	8,058	-	-
	<u>12,042</u>	<u>10,296</u>	<u>31</u>	<u>42</u>
<b>Net current assets</b>	<b><u>61,200</u></b>	<b><u>49,777</u></b>	<b><u>35,457</u></b>	<b><u>37,436</u></b>
<b>Net assets</b>	<b><u>61,220</u></b>	<b><u>49,802</u></b>	<b><u>39,570</u></b>	<b><u>39,749</u></b>
<b>Equity attributable to owners of the Company</b>				
Share capital	22,273	22,273	22,273	22,273
Merger reserve	(2,311)	(2,311)	-	-
Retained earnings	40,061	29,840	17,297	17,476
	<u>60,023</u>	<u>49,802</u>	<u>39,570</u>	<u>39,749</u>
<b>Non-controlling interests</b>	<u>1,197</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>	<b><u>61,220</u></b>	<b><u>49,802</u></b>	<b><u>39,570</u></b>	<b><u>39,749</u></b>
<b>Total equity and liabilities</b>	<b><u>73,262</u></b>	<b><u>60,098</u></b>	<b><u>39,601</u></b>	<b><u>39,791</u></b>

1(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, specify the following as at the end of current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

(A) the amount repayable in one year or less, or on demand:

None

(B) the amount repayable after one year:

None

(C) whether the amounts are secured or unsecured; and

None

(D) details of any collaterals.

None

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Q1 2015 \$'000 (Unaudited)	Q1 2014 \$'000 (Unaudited)
<b>Operating Activities</b>		
Profit before tax	12,281	10,969
Adjustments for:		
Depreciation of plant and equipment	8	8
Interest income	(38)	-
<b>Operating cash flows before changes in working capital</b>	<u>12,251</u>	<u>10,977</u>
<u>Changes in working capital</u>		
Decrease in trade and other receivables	1,573	787
Decrease in trade and other payables	(127)	(6,941)
Decrease in accrued operating expenses	(190)	(3,718)
Net changes in working capital	<u>1,256</u>	<u>(9,872)</u>
<b>Cash flows from operations</b>	13,507	1,105
Interest received	16	-
Income tax paid	-	(1)
<b>Net cash flows from operating activities</b>	<u>13,523</u>	<u>1,104</u>
<b>Investing Activity</b>		
Purchase of plant and equipment, representing net cash flows used in investing activity	<u>(3)</u>	<u>(4)</u>
<b>Financing Activities</b>		
Net cash inflow from non-controlling interests on incorporation of a subsidiary	1,200	-
Proceeds from share issuance at IPO	-	21,029
IPO share expenses capitalised	-	(1,069)
Net cash flows from financing activities	<u>1,200</u>	<u>19,960</u>
<b>Net increase in cash and cash equivalents</b>	14,720	21,060
Cash and cash equivalents at beginning of the period	<u>50,895</u>	<u>24,893</u>
Cash and cash equivalents at end of the period	<u>65,615</u>	<u>45,953</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.

Group (Unaudited)	Share capital	Merger reserves	Retained earnings	Non- controlling interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 January 2015</b>	<b>22,273</b>	<b>(2,311)</b>	<b>29,840</b>	<b>-</b>	<b>49,802</b>
Profit / (loss) for the period , representing total comprehensive income for the period	-	-	10,221	(3)	10,218
Incorporation of subsidiary	-	-	-	1,200	1,200
<b>Balance at 31 March 2015</b>	<b>22,273</b>	<b>(2,311)</b>	<b>40,061</b>	<b>1,197</b>	<b>61,220</b>
<b>Balance at 1 January 2014</b>	<b>2,313</b>	<b>(2,311)</b>	<b>12,800</b>	<b>-</b>	<b>12,802</b>
Proceeds from share issuance at IPO	21,029	-	-	-	21,029
IPO share issuance expenses	(1,069)	-	-	-	(1,069)
Profit for the period, representing total comprehensive income for the period	-	-	9,167	-	9,167
<b>Balance at 31 March 2014</b>	<b>22,273</b>	<b>(2,311)</b>	<b>21,967</b>	<b>-</b>	<b>41,929</b>
<b>Company (Unaudited)</b>	<b>Share capital</b>	<b>Merger reserves</b>	<b>Retained earnings</b>	<b>Total Equity</b>	
	\$'000	\$'000	\$'000	\$'000	
<b>Balance as at 1 January 2015</b>	<b>22,273</b>	<b>-</b>	<b>17,476</b>	<b>39,749</b>	
Loss for the period, representing total comprehensive income for the period	-	-	(179)	(179)	
<b>Balance at 31 March 2015</b>	<b>22,273</b>	<b>-</b>	<b>17,297</b>	<b>39,570</b>	
<b>Balance as at 1 January 2014</b>	<b>2,313</b>	<b>-</b>	<b>(2,800)</b>	<b>(487)</b>	
Proceeds from share issuance at IPO	21,029	-	-	21,029	
IPO share issuance expenses	(1,069)	-	-	(1,069)	
Profit for the period, representing total comprehensive income for the period	-	-	12,457	12,457	
<b>Balance at 31 March 2014</b>	<b>22,273</b>	<b>-</b>	<b>9,657</b>	<b>31,930</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 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.**

Not applicable.

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

	Number of ordinary shares	
	31.03.2015	31.12.2014
Total number of issued shares excluding treasury shares	657,143,000	657,143,000

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

There are no shares held as treasury shares as at 31 March 2015 and 31 December 2014.

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

The figures have not been audited nor reviewed by our auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except for the adoption of the FRSs and Amendments to FRSs applicable for the financial period beginning on or after 1 January 2015, the same accounting policies and methods of computation have been applied. The adoption of new FRSs and Amendments to FRSs did not have any effect on the financial performance or position of the Group and the Company.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group and the Company have adopted all the new FRSs and Amendments to FRSs that are effective for the periods beginning on or after 1 January 2015. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

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

The Group	First quarter	
	Q1 2015	Q1 2014
Profit attributable to owners of the Company (\$'000)	10,221	9,167
Weighted average number of ordinary shares used in the computation of basic and diluted earnings per share	657,143,000	622,095,333
Basic and diluted earnings per share (cents)	1.56	1.47

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

	Group		Company	
	31/3/2015 (Unaudited)	31/12/2014 (Audited)	31/3/2015 (Unaudited)	31/12/2014 (Audited)
Net assets value attributable to the shareholders of the Group (\$'000)	60,023	49,802	39,570	39,749
Net assets per ordinary share at end of financial period (cents) *	9.13	7.58	6.02	6.05

\* The calculation of net asset value per ordinary share was based on 657,143,000 shares for both periods.

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

### **Performance Review**

#### **Revenue**

Revenue grew by \$1.59 million or 11.0% from \$14.44 million in Q1 2014 to \$16.03 million in Q1 2015. This was due to increase in patient visits and increase in revenue from patients requiring higher intensity care.

#### **Other income**

Other income grew by \$0.04 million or 57.4% from \$0.06 million in Q1 2014 to \$0.10 million in Q1 2015. The increase was mainly due to interest received on fixed deposit, Government-paid Child Care Leave, grant from Government under the Special Employment Credit and Wage Credit Scheme.

## **Other Items of expense**

### *Employee benefits*

Employee benefits comprised remuneration paid to doctors, nurses as well as other medical and administrative support staff. These include salaries and wages, allowances, CPF contributions and staff benefits. Employee benefits increased by \$0.14 million or 4.2% from \$3.24 million in Q1 2014 to \$3.38 million in Q1 2015. The increase was mainly due to increase in provision for staff bonuses.

### *Operating lease expenses*

Operating lease expenses increased by \$0.02 million or 7.7% from \$0.18 million in Q1 2014 to \$0.20 million in Q1 2015 as a result of a new operating lease that was effected in Nov 2014.

### *Other operating expenses*

Other operating expenses comprised mainly audit fees, professional and legal fees, directors' fees, travelling and insurance expenses. Other operating expenses increased by \$0.16 million or 137.2% from \$0.11 million in Q1 2014 to \$0.27 million in Q1 2015. This increase was mainly due to higher legal & professional fees.

## **Income tax expense**

Income tax expense increased by \$0.26 million or 14.5% from \$1.80 million in Q1 2014 to \$2.06 million in Q1 2015 due to higher profits in Q1 2015. The effective tax rate for Q1 2015 and Q1 2014 were 16.8% and 16.4% respectively. The higher effective tax rate in Q1 2015 was due to lower deductible of capital allowances as most of the capital allowances were claimed in 2014.

## **Profit for the period**

The Group recorded a profit after tax of \$10.22 million in Q1 2015 compared to \$9.17 million in Q1 2014. The increase of \$1.05 million or 11.5% was mainly due to higher revenue generated in Q1 2015 compared to Q1 2014.

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

### **Current assets**

Current assets comprised trade and other receivables, cash and cash equivalents and prepaid operating expenses. Current assets increased by \$13.17 million. The increase was mainly due to the increase in cash and cash equivalents derived from operating activities.

### **Current liabilities**

Current liabilities comprised other payables, accrued operating expenses and income tax payable. Current liabilities increased by \$1.74 million. Other payables and accrued operating expenses decreased by \$0.32 million due to lower GST payable and accrued operating expenses. Income tax payable increased by \$2.06 million due to increase in tax payable for Q1 2015.

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

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

## **Non-controlling interests**

This relates to the 40% non-controlling interests' share of Stem Med's net equity.

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

### **Operating activities**

In Q1 2015, net cash flows from operating activities amounted to \$13.52 million. This comprised operating cash flows before changes in working capital of \$12.25 million, interest received of \$0.02 million and net increase in working capital of \$1.25 million. The net increase in working capital of \$1.25 million is mainly due to decreases in trade and other receivables of \$1.57 million offset by decreases in trade and other payables and accrued operating expenses of \$0.13 million and \$0.19 million respectively.

### **Financing activities**

Net cash flow from financing activities amounted to \$1.20 million is attributable to the net cash inflow on capital contribution by the non-controlling interests of a subsidiary.

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

The above resulted in net increase in cash and cash equivalents of \$14.72 million. Cash and cash equivalents totalled \$65.62 million as at 31 March 2015.

**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**

The Company does not recommend or declare any dividend for the financial period ended 31 March 2015.

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

Not applicable

**(ii) Previous corresponding period**

Not applicable

**c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)**

Not applicable



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

Not applicable

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

Not applicable

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

No dividend has been declared or recommended for the financial period ended 31 March 2015.

**13. If the Group has obtained a general mandate from the shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group does not have a general mandate from its shareholders for Interested Person Transactions pursuant to Rule 920(1)(a)(ii).

**14. Use of IPO proceeds**

As at the date of this announcement, the use of IPO proceeds are as follows.

<b>Use of proceeds from the IPO</b>	<b>Amount allocated \$'000</b>	<b>Amount Utilised \$'000</b>	<b>Amount Unutilised \$'000</b>
Expanding repertoire of talent pool/healthcare services	10,381	1,800 *	8,581
Overseas expansion/improving quality of medical services	6,920	-	6,920
<b>Total</b>	<b>17,301</b>	<b>1,800</b>	<b>15,501</b>

\* Investment in Stem Med Pte. Ltd. has been announced on 26 January 2015.

**15. Confirmation pursuant to Rule 705(5)**

The Board of Directors hereby confirms that to the best of their knowledge, nothing has come to their attention which may render the unaudited interim financial statements of the Group and the Company for the period ended 31 March 2015 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

Ang Peng Tiam  
Chief Executive Officer  
7 May 2015

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

*The contact person for the Sponsor is Ms Joan Ling, Senior Vice President, Head of Corporate Finance. Telephone number: (65) 6415 9886 Email: joanling@hlf.com.sg*