



TALKMED GROUP LIMITED
(Company Registration No. 201324565Z)

FINANCIAL STATEMENT ANNOUNCEMENT FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2015

PART I - 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.
- 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 second quarter and half year ended 30 June 2015 (“Q2 2015” and “YTD 2015” respectively).

	Q2 2015 \$'000 (Unaudited)	Q2 2014 \$'000 (Unaudited)	Increase / (Decrease) %	YTD 2015 \$'000 (Unaudited)	YTD 2014 \$'000 (Unaudited)	Increase / (Decrease) %
Revenue	16,065	15,789	1.7%	32,091	30,233	6.1%
Other item of income						
Other income	101	-	N.M.	197	61	223.0%
Other items of expense						
Employee benefits	(3,558)	(3,297)	7.9%	(6,935)	(6,537)	6.1%
Operating lease expenses	(282)	(182)	54.9%	(478)	(365)	31.0%
Other operating expenses	(392)	(602)	-34.9%	(660)	(715)	-7.7%
Share of results of associate	(255)	-	N.M.	(255)	-	N.M.
Profit before tax	11,679	11,708	-0.3%	23,960	22,677	5.7%
Income tax expense	(2,086)	(2,079)	0.3%	(4,149)	(3,881)	6.9%
Profit for the period	9,593	9,629	-0.4%	19,811	18,796	5.4%
Attributable to:						
Owners of the company	9,644	9,629	0.2%	19,865	18,796	5.7%
Non-controlling interest	(51)	-	N.M.	(54)	-	N.M.
	9,593	9,629	-0.4%	19,811	18,796	5.4%

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

The Group	Q2 2015 \$'000 (Unaudited)	Q2 2014 \$'000 (Unaudited)	Increase / (Decrease) %	YTD 2015 \$'000 (Unaudited)	YTD 2014 \$'000 (Unaudited)	Increase / (Decrease) %
Depreciation of property, plant and equipment	56	8	600.0%	64	16	300.0%
Interest income	(101)	-	N.M	(139)	-	N.M

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	
	30/6/2015 \$'000 (Unaudited)	31/12/2014 \$'000 (Audited)	30/6/2015 \$'000 (Unaudited)	31/12/2014 \$'000 (Audited)
ASSETS				
Non-current assets				
Plant and equipment	543	25	-	-
Investment in subsidiaries	-	-	4,113	2,313
Investment in associate	11,268	-	11,524	-
	<u>11,811</u>	<u>25</u>	<u>15,637</u>	<u>2,313</u>
Current assets				
Trade and other receivables	7,207	9,137	14,893	16,045
Cash and cash equivalents	46,149	50,895	8,826	21,426
Prepaid operating expenses	102	41	56	7
	<u>53,458</u>	<u>60,073</u>	<u>23,775</u>	<u>37,478</u>
Total assets	<u>65,269</u>	<u>60,098</u>	<u>39,412</u>	<u>39,791</u>
EQUITY AND LIABILITIES				
Current liabilities				
Other payables	1,212	1,333	1,009	8
Accrued operating expense	1,034	905	123	34
Income tax payable	8,179	8,058	-	-
	<u>10,425</u>	<u>10,296</u>	<u>1,132</u>	<u>42</u>
Net current assets	<u>43,033</u>	<u>49,777</u>	<u>22,643</u>	<u>37,436</u>
Net assets	<u>54,844</u>	<u>49,802</u>	<u>38,280</u>	<u>39,749</u>
Equity attributable to owners of the Company				
Share capital	22,273	22,273	22,273	22,273
Merger reserve	(2,311)	(2,311)	-	-
Retained earnings	33,736	29,840	16,007	17,476
	<u>53,698</u>	<u>49,802</u>	<u>38,280</u>	<u>39,749</u>
Non-controlling interests	<u>1,146</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total equity	<u>54,844</u>	<u>49,802</u>	<u>38,280</u>	<u>39,749</u>
Total equity and liabilities	<u>65,269</u>	<u>60,098</u>	<u>39,412</u>	<u>39,791</u>

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.

	Q2 2015 \$'000 (Unaudited)	Q2 2014 \$'000 (Unaudited)	YTD 2015 \$'000 (Unaudited)	YTD 2014 \$'000 (Unaudited)
Operating Activities				
Profit before tax	11,679	11,708	23,960	22,677
Adjustments for:				
Depreciation of plant and equipment	56	8	64	16
Interest income	(101)	-	(139)	-
Share of result of associate	255	-	255	-
Operating cash flows before changes in working capital	11,889	11,716	24,140	22,693
<u>Changes in working capital</u>				
Decrease/(increase) in trade and other receivables	296	(556)	1,825	231
Increase/(decrease) in trade and other payables	7	103	(121)	(6,838)
Increase/(decrease) in accrued operating expenses	318	261	129	(3,457)
Net changes in working capital	621	(192)	1,833	(10,064)
Cash flows from operations	12,510	11,524	25,973	12,629
Interest received	123	-	183	-
Income tax paid	(4,027)	(3,544)	(4,027)	(3,545)
Net cash flows from operating activities	8,606	7,980	22,129	9,084
Investing Activity				
Purchase of plant and equipment	(579)	-	(582)	(4)
Investment in associates	(11,524)	-	(11,524)	-
Net cash used in investing activities	(12,103)	-	(12,106)	(4)
Financing Activities				
Net cash inflow from non-controlling interests on incorporation of a subsidiary	-	-	1,200	-
Dividends paid to shareholders	(15,969)	-	(15,969)	-
Dividends paid to the then existing shareholders of a subsidiary	-	(7,491)	-	(7,491)
Proceeds from share issuance at IPO	-	-	-	21,029
IPO share expenses capitalised	-	-	-	(1,069)
Net cash (used in) / from financing activities	(15,969)	(7,491)	(14,769)	12,469

	Q2 2015 \$'000 (Unaudited)	Q2 2014 \$'000 (Unaudited)	YTD 2015 \$'000 (Unaudited)	YTD 2014 \$'000 (Unaudited)
Net (decrease) / increase in cash and cash equivalents	(19,466)	489	(4,746)	21,549
Cash and cash equivalents at beginning of the period	65,615	45,953	50,895	24,893
Cash and cash equivalents at end of the period	46,149	46,442	46,149	46,442

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

The Group (Unaudited)	Share capital \$'000	Merger reserves \$'000	Retained earnings \$'000	Non- controlling interest \$'000	Total Equity \$'000
Balance at 1 January 2015	22,273	(2,311)	29,840	-	49,802
Profit / (loss) for the period, representing total comprehensive income for the period	-	-	10,221	(3)	10,218
Incorporation of subsidiary	-	-	-	1,200	1,200
Balance at 31 Mar 2015	22,273	(2,311)	40,061	1,197	61,220
Profit / (loss) for the period, representing total comprehensive income for the period	-	-	9,644	(51)	9,593
Dividends paid to shareholders	-	-	(15,969)	-	(15,969)
Balance at 30 June 2015	22,273	(2,311)	33,736	1,146	54,844
Balance at 1 January 2014	2,313	(2,311)	12,800	-	12,802
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
Balance at 31 March 2014	22,273	(2,311)	21,967	-	41,929
Profit for the period, representing total comprehensive income for the period	-	-	9,629	-	9,629
Dividends paid to shareholders	-	-	(7,491)	-	(7,491)
Balance at 30 June 2014	22,273	(2,311)	24,105	-	44,067

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

The Company (Unaudited)	Share capital	Retained earnings	Total Equity
	\$'000	\$'000	\$'000
Balance as at 1 January 2015	22,273	17,476	39,749
Loss for the period, representing total comprehensive income for the period	-	(179)	(179)
Balance at 31 March 2015	22,273	17,297	39,570
Profit for the period, representing total comprehensive income for the period	-	14,679	14,679
Dividends paid to shareholders	-	(15,969)	(15,969)
Balance at 30 June 2015	22,273	16,007	38,280
Balance at 1 January 2014	2,313	(2,800)	(487)
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
Balance at 31 March 2014	22,273	9,657	31,930
Loss for the period, representing total comprehensive income for the period	-	(212)	(212)
Dividends paid to shareholders	-	(7,491)	(7,491)
Balance at 30 June 2014	22,273	1,954	24,227

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	
	30.06.2015	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 30 June 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	Q2 2015	Q2 2014	YTD 2015	YTD 2014
Profit attributable to owners of the Company (\$'000)	9,644	9,629	19,865	18,796
Weighted average number of ordinary shares used in the computation of basic and diluted earnings per share	657,143,000	639,715,983	657,143,000	639,715,983
Basic and fully diluted earnings per share (cents)	1.47	1.51	3.02	2.94

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	
	30/6/2015 (Unaudited)	31/12/2014 (Audited)	30/6/2015 (Unaudited)	31/12/2014 (Audited)
Net assets value attributable to the shareholders of the Group (\$'000)	53,698	49,802	38,280	39,749
Net assets per ordinary share at end of financial period (cents) *	8.17	7.58	5.83	6.05

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

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

Performance Review

Revenue

Revenue grew by \$0.28 million or 1.7% from \$15.79 million in relation to the quarter ended 30 June 2014 ("Q2 2014") to \$16.07 million in Q2 2015. This was due to increase in revenue from patients requiring higher intensity care.

Other income

Other income comprised interest received, Government-paid Child Care Leave, grant from Government under Special Employment Credit and Wage Credit Scheme. Other income grew by \$0.10 million in Q2 2015 when compared to Q2 2014. The increase was mainly due to interest received on fixed deposits.

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 \$0.26 million or 7.9% from \$3.30 million in Q2 2014 to \$3.56 million in Q2 2015. The increase was mainly due to increase in staff benefits, provision for staff bonuses and additional staff recruited to support growing business activities.

Operating lease expenses

Operating lease expenses increased by \$0.10 million or 54.9% from \$0.18 million in Q2 2014 to \$0.28 million in Q2 2015 as a result of new operating leases that was effected in March and June 2015.

Other operating expenses

Other operating expenses comprised mainly audit fees, professional and legal fees, directors' fees, travelling and insurance expenses. Other operating expenses decreased by \$0.21 million or 34.9% from \$0.60 million in Q2 2014 to \$0.39 million in Q2 2015. This decrease was mainly due to lower legal & professional fees.

Share of result of associate

In June 2015, the Group acquired a 30% stake in an associate, Hong Kong Integrated Oncology Centre Holdings Limited ("**HKIOC**") for an aggregate consideration of \$11.52 million. The Group's share of loss after tax of associate was \$0.26 million in Q2 2015.

Income tax expense

Income tax expense increased by \$0.01 million or 0.3% from \$2.08 million in Q2 2014 to \$2.09 million in Q2 2015 due to higher profits in Q2 2015. The effective tax rate for Q2 2015 and Q2 2014 were 17.9% and 17.8% respectively.

Profit after tax

The Group recorded a profit after tax of \$9.59 million in Q2 2015 compared to \$9.63 million in Q2 2014. The decrease of \$0.04 million or 0.4% was mainly due to higher operating expenses and share of results of our associate in Hong Kong of \$0.26 million which was in its start-up phase partially offset by increase in revenue.

Review of the Group's financial position

Non-current assets

The Group's non-current assets comprised plant and equipment and investment in an associate. Plant and equipment increased by \$0.52 million in Q2 2015 due to the purchase of plant and equipment by our subsidiary Stem Med Pte Ltd ("**Stem Med**"). The Group also acquired a 30% stake in an associate, HKIOC for an aggregate consideration of \$11.52 million during Q2 2015.

Current assets

Current assets comprised trade and other receivables, cash and cash equivalents and prepaid operating expenses. Current assets decreased by \$6.62 million. Trade and other receivables decreased by \$1.93 million due to payment received from trade debtors. The decrease in cash and cash equivalents of \$4.75 million was mainly due to payment for investment in an associate. Prepaid operating expenses increased by \$0.06 million.

Current liabilities

Current liabilities comprised other payables, accrued operating expenses and income tax payable. Current liabilities increased by \$0.13 million. This increase was mainly due to increase in income tax payable for Q2 2015.

Equity attributable to owners of the Company

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

Non-controlling interests

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

Review of the Group's cash flow

Operating activities

In Q2 2015, net cash flows from operating activities amounted to \$8.60 million. This comprised operating cash flows before changes in working capital of \$11.89 million, interest received of \$0.12 million, net changes in working capital of \$0.62 million less income tax paid of \$4.03 million. The net decrease in working capital of \$0.62 million was mainly due to decrease in trade and other receivables of \$0.30 million and increase in accrued operating expenses of \$0.32 million.

Investing activity

Net cash used in investing activity was \$12.10 million, of which \$0.58 million was attributable to purchases of plant and equipment by Stem Med and \$11.52 million was for the investment in an associate.

Financing activities

Net cash used in financing activities was \$15.97 million and this was for the payment of final dividends to shareholders in respect of the year ended 31 December 2014.

Net decrease in cash and cash equivalents

The above resulted in a net decrease in cash and cash equivalents of \$19.47 million. Cash and cash equivalents totalled \$46.15 million as at 30 June 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**

Interim cash dividend of \$14.85 million has been declared.

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

\$0.0226

- (ii) Previous corresponding period**

\$0.0213

- (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.**

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.

Use of proceeds from the IPO	Amount Allocated	Amount Utilised	Amount Unutilised
	\$'000	\$'000	\$'000
Expanding repertoire of talent pool / healthcare services	10,381	6,404 ⁽¹⁾	3,977
Overseas expansion / improving quality of medical services	6,920	6,920 ⁽²⁾	0
Total	17,301	13,324	3,977

⁽¹⁾ Comprised investments in Stem Med and HKIOC of \$1.80 million and \$4.60 million ⁽²⁾ respectively

⁽²⁾ Total investment in HKIOC by the Company amounted to \$11.52 million

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 30 June 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Ang Peng Tiam
Chief Executive Officer
6 August 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