



TALKMED GROUP LIMITED
(Company Registration No. 201324565Z)

FINANCIAL STATEMENT ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

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 third quarter and the nine months ended 30 September 2016 (“**Q3 2016**” and “**YTD 2016**” respectively).

	Q3 2016	Q3 2015	Increase /	YTD 2016	YTD 2015	Increase /
	\$'000	\$'000	(Decrease)	\$'000	\$'000	(Decrease)
The Group	(Unaudited)	(Unaudited)	%	(Unaudited)	(Unaudited)	%
Revenue	17,058	15,672	8.8%	50,535	47,763	5.8%
Other item of income						
Other income	268	67	300.0%	536	264	103.0%
Other items of expense						
Employee benefits	(4,187)	(4,076)	2.7%	(12,495)	(11,011)	13.5%
Operating lease expenses	(369)	(384)	(3.9%)	(1,106)	(862)	28.3%
Other operating expenses	(617)	(385)	60.3%	(1,539)	(1,045)	47.3%
Share of results of associate	(1,541)	(1,160)	32.8%	(2,797)	(1,415)	97.7%
Profit before tax	10,612	9,734	9.0%	33,134	33,694	(1.7%)
Income tax expense	(2,142)	(1,877)	14.1%	(6,269)	(6,026)	4.0%
Profit for the period	8,470	7,857	7.8%	26,865	27,668	(2.9%)
Attributable to:						
Owners of the Company	8,611	7,888	9.2%	27,173	27,753	(2.1%)
Non-controlling interests	(141)	(31)	354.8%	(308)	(85)	262.4%
	8,470	7,857	7.8%	26,865	27,668	(2.9%)

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

The Group	Q3 2016 \$'000 (Unaudited)	Q3 2015 \$'000 (Unaudited)	Increase / (Decrease) %	YTD 2016 \$'000 (Unaudited)	YTD 2015 \$'000 (Unaudited)	Increase / (Decrease) %
Depreciation of plant and equipment	(68)	(57)	19.3%	(185)	(121)	52.9%
Interest income	260	57	356.1%	407	196	107.7%

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	
	30/09/2016 \$'000 (Unaudited)	31/12/2015 \$'000 (Audited)	30/09/2016 \$'000 (Unaudited)	31/12/2015 \$'000 (Audited)
ASSETS				
Non-current assets				
Plant and equipment	489	523	-	-
Investments in subsidiaries	-	-	4,113	4,113
Investments in associate	5,839	8,636	11,524	11,524
Prepaid operating expenses	17	15	-	-
	<u>6,345</u>	<u>9,174</u>	<u>15,637</u>	<u>15,637</u>
Current assets				
Trade and other receivables	6,358	9,646	369	15,734
Cash and short-term deposits	51,210	49,562	7,389	7,540
Prepaid operating expenses	94	103	46	16
	<u>57,662</u>	<u>59,311</u>	<u>7,804</u>	<u>23,290</u>
Total assets	<u>64,007</u>	<u>68,485</u>	<u>23,441</u>	<u>38,927</u>
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	1,561	1,513	3	-
Other liabilities	2,088	1,284	141	153
Income tax payable	6,234	8,303	10	-
	<u>9,883</u>	<u>11,100</u>	<u>154</u>	<u>153</u>
Net current assets	<u>47,779</u>	<u>48,211</u>	<u>7,650</u>	<u>23,137</u>
Non-current liabilities				
Other liabilities	34	31	-	-
Total liabilities	<u>9,917</u>	<u>11,131</u>	<u>154</u>	<u>153</u>
Net assets	<u>54,090</u>	<u>57,354</u>	<u>23,287</u>	<u>38,774</u>

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	
	30/09/2016 \$'000 (Unaudited)	31/12/2015 \$'000 (Audited)	30/09/2016 \$'000 (Unaudited)	31/12/2015 \$'000 (Audited)
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	33,398	36,354	1,014	16,501
	53,360	56,316	23,287	38,774
Non-controlling interests	730	1,038	-	-
Total equity	54,090	57,354	23,287	38,774
Total equity and liabilities	64,007	68,485	23,441	38,927

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.

	Q3 2016 \$'000 (Unaudited)	Q3 2015 \$'000 (Unaudited)	YTD 2016 \$'000 (Unaudited)	YTD 2015 \$'000 (Unaudited)
Operating Activities				
Profit before tax	10,612	9,734	33,134	33,694
Adjustments for:				
Depreciation of plant and equipment	68	57	185	121
Interest income	(260)	(57)	(407)	(196)
Share of results of associate	1,541	1,160	2,797	1,415
Operating cash flows before changes in working capital	11,961	10,894	35,709	35,034
<u>Changes in working capital</u>				
Decrease/(increase) in prepaid operating expenses	46	37	7	(24)
Decrease in trade and other receivables	1,592	461	3,181	2,391
Increase in trade and other payables	87	197	48	76
Increase in other liabilities	402	513	807	642
Net changes in working capital	2,127	1,208	4,043	3,085

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.

	Q3 2016 \$'000 (Unaudited)	Q3 2015 \$'000 (Unaudited)	YTD 2016 \$'000 (Unaudited)	YTD 2015 \$'000 (Unaudited)
Cash flows from operations	14,088	12,102	39,752	38,119
Interest received	260	101	514	240
Income tax paid	(4,163)	(4,024)	(8,338)	(8,051)
Net cash flows from operating activities	<u>10,185</u>	<u>8,179</u>	<u>31,928</u>	<u>30,308</u>
Investing Activities				
Purchase of plant and equipment	(71)	(15)	(151)	(597)
Investments in an associate	-	-	-	(11,524)
Net cash flows used in investing activities	<u>(71)</u>	<u>(15)</u>	<u>(151)</u>	<u>(12,121)</u>
Financing Activities				
Net cash inflow from non-controlling interests on incorporation of a subsidiary	-	-	-	1,200
Dividends paid on ordinary shares	(14,982)	(14,851)	(30,129)	(30,820)
Net cash flows used in financing activities	<u>(14,982)</u>	<u>(14,851)</u>	<u>(30,129)</u>	<u>(29,620)</u>
Net (decrease) / increase in cash and cash equivalents	(4,868)	(6,687)	1,648	(11,433)
Cash and cash equivalents at beginning of the period	56,078	46,149	49,562	50,895
Cash and cash equivalents at end of the period	<u>51,210</u>	<u>39,462</u>	<u>51,210</u>	<u>39,462</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.

The Group (Unaudited)	Share capital \$'000	Merger reserve \$'000	Retained earnings \$'000	Non- controlling interests \$'000	Total Equity \$'000
Balance at 1 January 2016	22,273	(2,311)	36,354	1,038	57,354
Profit / (loss) for the period, representing total comprehensive income for the period	-	-	8,608	(75)	8,533
Balance at 31 March 2016	<u>22,273</u>	<u>(2,311)</u>	<u>44,962</u>	<u>963</u>	<u>65,887</u>
Profit / (loss) for the period, representing total comprehensive income for the period	-	-	9,954	(92)	9,862
Dividends paid to shareholders	-	-	(15,147)	-	(15,147)
Balance at 30 June 2016	<u>22,273</u>	<u>(2,311)</u>	<u>39,769</u>	<u>871</u>	<u>60,602</u>
Profit / (loss) for the period, representing total comprehensive income for the period	-	-	8,611	(141)	8,470
Dividends paid to shareholders	-	-	(14,982)	-	(14,982)
Balance at 30 September 2016	<u>22,273</u>	<u>(2,311)</u>	<u>33,398</u>	<u>730</u>	<u>54,090</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.

The Group (Unaudited)	Share capital \$'000	Merger reserve \$'000	Retained earnings \$'000	Non- controlling interests \$'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 March 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
Profit / (loss) for the period, representing total comprehensive income for the period	-	-	7,888	(31)	7,857
Dividends paid to shareholders	-	-	(14,851)	-	(14,851)
Balance at 30 September 2015	22,273	(2,311)	26,773	1,115	47,850
The Company (Unaudited)	Share capital \$'000	Merger reserve \$'000	Retained earnings \$'000	Non- controlling interests \$'000	Total Equity \$'000
Balance at 1 January 2016	22,273	-	16,501	-	38,774
Loss for the period, representing total comprehensive income for the period	-	-	(119)	-	(119)
Balance at 31 March 2016	22,273	-	16,382	-	38,655
Profit for the period, representing total comprehensive income for the period	-	-	14,884	-	14,884
Dividends paid to shareholders	-	-	(15,147)	-	(15,147)
Balance at 30 June 2016	22,273	-	16,119	-	38,392
Loss for the period, representing total comprehensive income for the period	-	-	(123)	-	(123)
Dividends paid to shareholders	-	-	(14,982)	-	(14,982)
Balance at 30 September 2016	22,273	-	1,014	-	23,287

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 \$'000	Merger reserve \$'000	Retained earnings \$'000	Non- controlling interests \$'000	Total Equity \$'000
Balance 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
Loss for the period, representing total comprehensive income for the period	-	-	(192)	-	(192)
Dividends paid to shareholders	-	-	(14,851)	-	(14,851)
Balance at 30 September 2015	22,273	-	964	-	23,237

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	
	30/09/2016	31/12/2015
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 September 2016 and 31 December 2015.

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 2016, 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 2016. 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	Q3 2016	Q3 2015	YTD 2016	YTD 2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (\$'000)	8,611	7,888	27,173	27,753
Weighted average number of ordinary shares used in the computation of basic and diluted earnings per share	657,143,000	657,143,000	657,143,000	657,143,000
Basic and fully diluted earnings per share (cents)	1.31	1.20	4.14	4.22

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	
	30/09/2016 (Unaudited)	31/12/2015 (Audited)	30/09/2016 (Unaudited)	31/12/2015 (Audited)
Net asset value attributable to owners of the Company (\$'000)	53,360	56,316	23,287	38,774
Net asset value per ordinary share at end of financial period (cents) *	8.12	8.57	3.54	5.90

*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 \$1.39 million or 8.8% from \$15.67 million in relation to the quarter ended 30 September 2015 ("**Q3 2015**") to \$17.06 million in Q3 2016. This was due to increase in revenue from patients.

Other item of income

Other income

Other income comprised interest received on fixed deposits, government-paid childcare leave and grant from government under Special Employment Credit.

Other income grew by \$0.20 million or 300.0% from \$0.07 million in Q3 2015 to \$0.27 million in Q3 2016. 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, bonuses and staff benefits.

Performance Review

Other items of expense

Employee benefits

Employee benefits increased by \$0.11 million or 2.7% from \$4.08 million in Q3 2015 to \$4.19 million in Q3 2016. The increase was mainly due to additional staff recruited to support growing business activities.

Operating lease expenses

Operating lease expenses decreased by \$0.01 million or 3.9% from \$0.38 million in Q3 2015 to \$0.37 million in Q3 2016. The decrease was due to the termination of an operating lease in September 2015.

Other operating expenses

Other operating expenses comprised mainly audit fees, professional and legal fees, directors' fees, expenses from marketing activities, depreciation and laboratory consumable and services.

Other operating expenses increased by \$0.23 million or 60.3% from \$0.39 million in Q3 2015 to \$0.62 million in Q3 2016. The increase was mainly due to increase in overhead expenses incurred by a subsidiary, Stem Med Pte Ltd ("**Stem Med**").

Share of results of associate

The Group's share of loss after tax of associate was \$1.54 million in Q3 2016.

Income tax expense

Income tax expense increased by \$0.26 million or 14.1% from \$1.88 million in Q3 2015 to \$2.14 million in Q3 2016 due to higher profits in Q3 2016. The effective tax rate for Q3 2016 and Q3 2015 were 20.2% and 19.3% respectively.

Profit after tax

The Group recorded a profit after tax of \$8.47 million in Q3 2016 as compared to \$7.86 million in Q3 2015. The increase of \$0.61 million or 7.8% was mainly due to higher revenue generated in Q3 2016 as compared to Q3 2015.

Review of the Group's financial position

Non-current assets

The Group's non-current assets comprised mainly plant and equipment and investment in an associate. Non-current assets decreased by \$2.83 million which was mainly attributable to a decrease in the carrying amount of our investment in associate pursuant to taking up the share of loss of associate of \$2.80 million during the year.

Review of the Group's financial position

Current assets

Current assets comprised trade and other receivables, cash and short-term deposits and prepaid operating expenses. Current assets decreased by \$1.65 million. Trade and other receivables and prepaid operating expenses decreased by \$3.29 million and \$0.01 million respectively, partially offset by increase in cash and short-term deposits of \$1.65 million. The decrease in trade and other receivables was mainly due to the payment received from trade debtors while the increase in cash and short-term deposits was mainly attributable to cash flows from operating activities.

Current liabilities

Current liabilities comprised trade and other payables, other liabilities and income tax payable. Current liabilities decreased by \$1.22 million. Income tax payable decreased by \$2.07 million due to the payment of income tax in respect of the financial year ended 31 December 2015 ("FY2015") in 2016 offset by income tax provision in respect of the first three quarters of 2016. Trade and other payables increased by \$0.05 million due to increase in deposits payable to customers. Other liabilities increased by \$0.80 million due to an increase in accrued operating expenses.

Non-current liabilities

Non-current liabilities comprised other liabilities of \$0.03 million which related to deferred revenue in respect of the fees that were charged by a subsidiary, Stem Med, for the storage of stem cells which would be recognised over the period of storage.

Equity attributable to owners of the Company

The decrease was mainly attributable to final and interim dividends paid to shareholders in respect of FY2015 and the financial year ending 31 December 2016 ("FY2016") respectively, offset by profits earned during the year.

Non-controlling interests

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

Review of the Group's cash flow

Operating activities

Net cash flows from operating activities amounted to \$10.19 million. This comprised operating cash flows before changes in working capital of \$11.96 million, net changes in working capital of \$2.13 million, interest received of \$0.26 million, less income tax paid of \$4.16 million. The net decrease in working capital of \$2.13 million were mainly due to decrease in prepaid operating expenses and trade and other receivable of \$0.05 million and \$1.59 million respectively and an increase in trade and other payables and other liabilities of \$0.09 million and \$0.40 million respectively.

Investing activities

Net cash used in investing activities of \$0.07 million was attributable to purchase of plant and equipment by a subsidiary, Stem Med.

Review of the Group's cash flow

Financing activities

Net cash used in financing activities was \$14.98 million and this was for the payment of interim dividends in respect of FY2016 to shareholders that was declared in Q2 2016.

Net decrease in cash and cash equivalents

The above resulted in net decrease in cash and cash equivalents of \$4.87 million. Cash and cash equivalents totalled \$51.21 million as at 30 September 2016.

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 dependent to a large extent on the economic performance of Singapore and countries in South East Asia.

The Group is facing pressure on revenue from the strength of the Singapore dollar vis-à-vis the currencies as well as the economic conditions of the neighbouring countries.

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 30 September 2016.

(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 30 September 2016.

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 \$'000	Amount Utilised \$'000	Amount Unutilised \$'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⁾	-
Total	17,301	13,324	3,977

Note:-

- (1) Comprised investments in Stem Med and Hong Kong Integrated Oncology Centre Holdings Limited ("**HKH**") of \$1.80 million and \$4.60 million ⁽²⁾ respectively
(2) Total investment in HKH by the Company amounted to \$11.52 million

15. Confirmation pursuant to Rule 720(1)

TalkMed Group Limited confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in form Appendix 7H.

16. 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 September 2016 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Ang Peng Tiam
Chief Executive Officer
10 November 2016

*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 Mr Tang Yeng Yuen, Vice President, Head of Corporate Finance. Telephone number: (65) 6415 9886