



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

**FINANCIAL STATEMENT ANNOUNCEMENT FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2017**

**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 2017 (“Q2 2017” and “YTD 2017” respectively).

The Group	Q2 2017 \$'000 (Unaudited)	Q2 2016 \$'000 (Unaudited)	Increase / (Decrease) %	YTD 2017 \$'000 (Unaudited)	YTD 2016 \$'000 (Unaudited)	Increase / (Decrease) %
<b>Revenue</b>	15,935	17,470	(8.8%)	32,171	33,477	(3.9%)
<b>Other item of income</b>						
Other income	166	157	5.7%	281	268	4.9%
<b>Other items of expense</b>						
Employee benefits expense	(4,527)	(4,170)	8.6%	(8,900)	(8,308)	7.1%
Operating lease expense	(400)	(367)	9.0%	(800)	(737)	8.5%
Other operating expenses	(1,029)	(472)	118.0%	(1,767)	(922)	91.6%
<b>Share of results of associate</b>	(405)	(544)	(25.6%)	(954)	(1,256)	(24.0%)
<b>Profit before tax</b>	9,740	12,074	(19.3%)	20,031	22,522	(11.1%)
Income tax expense	(1,856)	(2,212)	(16.1%)	(3,761)	(4,127)	(8.9%)
<b>Profit for the period, representing total comprehensive income for the period</b>	<b>7,884</b>	<b>9,862</b>	<b>(20.1%)</b>	<b>16,270</b>	<b>18,395</b>	<b>(11.6%)</b>
<b>Attributable to:</b>						
Owners of the Company	8,092	9,954	(18.7%)	16,664	18,562	(10.2%)
Non-controlling interests	(208)	(92)	126.1%	(394)	(167)	135.9%
<b>Total comprehensive income for the period</b>	<b>7,884</b>	<b>9,862</b>	<b>(20.1%)</b>	<b>16,270</b>	<b>18,395</b>	<b>(11.6%)</b>

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

The Group	Q2 2017 \$'000 (Unaudited)	Q2 2016 \$'000 (Unaudited)	Increase / (Decrease) %	YTD 2017 \$'000 (Unaudited)	YTD 2016 \$'000 (Unaudited)	Increase / (Decrease) %
Depreciation of plant and equipment	(78)	(60)	30.0%	(155)	(117)	32.5%
Interest income	140	121	15.7%	201	147	36.7%

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	
	30/06/2017 \$'000 (Unaudited)	31/12/2016 \$'000 (Audited)	30/06/2017 \$'000 (Unaudited)	31/12/2016 \$'000 (Audited)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Plant and equipment	367	511	-	-
Investment in subsidiaries	-	-	4,113	4,113
Investment in associate	4,050	5,004	11,524	11,524
Loan to a subsidiary	-	-	2,400	-
Prepaid operating expenses	16	14	-	-
	<u>4,433</u>	<u>5,529</u>	<u>18,037</u>	<u>15,637</u>
<b>Current assets</b>				
Inventories	113	63	-	-
Prepaid operating expenses	125	178	46	16
Trade and other receivables	6,129	6,691	15,070	15,018
Cash and short-term deposits	68,080	63,996	4,975	7,741
	<u>74,447</u>	<u>70,928</u>	<u>20,091</u>	<u>22,775</u>
<b>Total assets</b>	<b><u>78,880</u></b>	<b><u>76,457</u></b>	<b><u>38,128</u></b>	<b><u>38,412</u></b>
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	1,502	1,735	24	3
Other liabilities	2,257	2,018	121	160
Income tax payable	8,018	8,571	7	19
	<u>11,777</u>	<u>12,324</u>	<u>152</u>	<u>182</u>
<b>Net current assets</b>	<b><u>62,670</u></b>	<b><u>58,604</u></b>	<b><u>19,939</u></b>	<b><u>22,593</u></b>
<b>Non-current liabilities</b>				
Other liabilities	60	28	-	-
Loan from non-controlling shareholder to a subsidiary	1,600	-	-	-
	<u>1,660</u>	<u>28</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<b><u>13,437</u></b>	<b><u>12,352</u></b>	<b><u>152</u></b>	<b><u>182</u></b>
<b>Net assets</b>	<b><u>65,443</u></b>	<b><u>64,105</u></b>	<b><u>37,976</u></b>	<b><u>38,230</u></b>

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	
	30/06/2017 \$'000 (Unaudited)	31/12/2016 \$'000 (Audited)	30/06/2017 \$'000 (Unaudited)	31/12/2016 \$'000 (Audited)
<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)	-	-
Share-based payments reserve	70	-	70	-
Retained earnings	45,277	43,615	15,633	15,957
	<b>65,309</b>	<b>63,577</b>	<b>37,976</b>	<b>38,230</b>
<b>Non-controlling interests</b>	134	528	-	-
<b>Total equity</b>	<b>65,443</b>	<b>64,105</b>	<b>37,976</b>	<b>38,230</b>
<b>Total equity and liabilities</b>	<b>78,880</b>	<b>76,457</b>	<b>38,128</b>	<b>38,412</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.

	Q2 2017 \$'000 (Unaudited)	Q2 2016 \$'000 (Unaudited)	YTD 2017 \$'000 (Unaudited)	YTD 2016 \$'000 (Unaudited)
<b>Operating Activities</b>				
Profit before tax	9,740	12,074	20,031	22,522
<u>Adjustments for:</u>				
Depreciation of plant and equipment	78	60	155	117
Cost of share-based payments	70	-	70	-
Interest income	(140)	(121)	(201)	(147)
Share of results of associate	405	544	954	1,256
<b>Operating cash flows before changes in working capital</b>	<b>10,153</b>	<b>12,557</b>	<b>21,009</b>	<b>23,748</b>

**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 2017 \$'000 (Unaudited)	Q2 2016 \$'000 (Unaudited)	YTD 2017 \$'000 (Unaudited)	YTD 2016 \$'000 (Unaudited)
<b>Changes in working capital</b>				
Increase in inventories	(40)	-	(50)	-
Decrease/(increase) in prepaid operating expenses	66	64	51	(39)
Decrease/(increase) in trade and other receivables	501	(548)	346	1,589
(Decrease)/increase in trade and other payables	(145)	64	(233)	(39)
Increase in other liabilities	700	481	271	405
Net changes in working capital	<u>1,082</u>	<u>61</u>	<u>385</u>	<u>1,916</u>
<b>Cash flows from operations</b>				
Interest received	11,235	12,618	21,394	25,664
Income tax paid	198	138	417	254
	<u>(2,559)</u>	<u>(4,155)</u>	<u>(4,314)</u>	<u>(4,175)</u>
<b>Net cash flows from operating activities</b>	<u>8,874</u>	<u>8,601</u>	<u>17,497</u>	<u>21,743</u>
<b>Investing Activities</b>				
Purchase of plant and equipment	(10)	(76)	(11)	(80)
<b>Net cash flows used in investing activities</b>	<u>(10)</u>	<u>(76)</u>	<u>(11)</u>	<u>(80)</u>
<b>Financing Activities</b>				
Dividends paid on ordinary shares	(15,002)	(15,147)	(15,002)	(15,147)
Loan from non-controlling shareholder to a subsidiary	1,600	-	1,600	-
<b>Net cash flows used in financing activities</b>	<u>(13,402)</u>	<u>(15,147)</u>	<u>(13,402)</u>	<u>(15,147)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(4,538)	(6,622)	4,084	6,516
Cash and cash equivalents at beginning of the period	72,618	62,700	63,996	49,562
Cash and cash equivalents at end of the period	<u>68,080</u>	<u>56,078</u>	<u>68,080</u>	<u>56,078</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	Share- based payments reserve \$'000	Retained earnings \$'000	Non- controlling interests \$'000	Total equity \$'000
<b>Balance at 1 January 2017</b>	22,273	(2,311)	-	43,615	528	64,105
Profit for the period, representing total comprehensive income for the period	-	-	-	8,572	(186)	8,386
<b>Balance at 31 March 2017</b>	<u>22,273</u>	<u>(2,311)</u>	<u>-</u>	<u>52,187</u>	<u>342</u>	<u>72,491</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.**

<b>The Group (Unaudited)</b>	<b>Share capital \$'000</b>	<b>Merger reserve \$'000</b>	<b>Share- based payments reserve \$'000</b>	<b>Retained earnings \$'000</b>	<b>Non- controlling interests \$'000</b>	<b>Total equity \$'000</b>
<b>Balance at 31 March 2017</b>	<b>22,273</b>	<b>(2,311)</b>	<b>-</b>	<b>52,187</b>	<b>342</b>	<b>72,491</b>
Profit for the period, representing total comprehensive income for the period	-	-	-	8,092	(208)	7,884
Dividends paid to shareholders	-	-	-	(15,002)	-	(15,002)
Share-based payments	-	-	70	-	-	70
<b>Balance at 30 June 2017</b>	<b>22,273</b>	<b>(2,311)</b>	<b>70</b>	<b>45,277</b>	<b>134</b>	<b>65,443</b>
<b>Balance at 1 January 2016</b>	<b>22,273</b>	<b>(2,311)</b>	<b>-</b>	<b>36,354</b>	<b>1,038</b>	<b>57,354</b>
Profit for the period, representing total comprehensive income for the period	-	-	-	8,608	(75)	8,533
<b>Balance at 31 March 2016</b>	<b>22,273</b>	<b>(2,311)</b>	<b>-</b>	<b>44,962</b>	<b>963</b>	<b>65,887</b>
Profit for the period, representing total comprehensive income for the period	-	-	-	9,954	(92)	9,862
Dividends paid to shareholders	-	-	-	(15,147)	-	(15,147)
<b>Balance at 30 June 2016</b>	<b>22,273</b>	<b>(2,311)</b>	<b>-</b>	<b>39,769</b>	<b>871</b>	<b>60,602</b>
<b>The Company (Unaudited)</b>	<b>Share capital \$'000</b>	<b>Merger reserve \$'000</b>	<b>Share- based payments reserve \$'000</b>	<b>Retained earnings \$'000</b>	<b>Non- controlling interests \$'000</b>	<b>Total equity \$'000</b>
<b>Balance at 1 January 2017</b>	<b>22,273</b>	<b>-</b>	<b>-</b>	<b>15,957</b>	<b>-</b>	<b>38,230</b>
Loss for the period, representing total comprehensive income for the period	-	-	-	(100)	-	(100)
<b>Balance at 31 March 2017</b>	<b>22,273</b>	<b>-</b>	<b>-</b>	<b>15,857</b>	<b>-</b>	<b>38,130</b>
Profit for the period, representing total comprehensive income for the period	-	-	-	14,778	-	14,778
Dividends paid to shareholders	-	-	-	(15,002)	-	(15,002)
Share-based payments	-	-	70	-	-	70
<b>Balance at 30 June 2017</b>	<b>22,273</b>	<b>-</b>	<b>70</b>	<b>15,633</b>	<b>-</b>	<b>37,976</b>

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	Share- based payments 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)
<b>Balance at 31 March 2016</b>	<b>22,273</b>	<b>-</b>	<b>-</b>	<b>16,382</b>	<b>-</b>	<b>38,655</b>
Profit for the period, representing total comprehensive income for the period	-	-	-	14,884	-	14,884
Dividends paid to shareholders	-	-	-	(15,147)	-	(15,147)
<b>Balance at 30 June 2016</b>	<b>22,273</b>	<b>-</b>	<b>-</b>	<b>16,119</b>	<b>-</b>	<b>38,392</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 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.

	Number of ordinary shares
As at 31 March 2017	657,143,000
Bonus shares issued **	657,143,000
<b>As at 30 June 2017</b>	<b>1,314,286,000</b>

\*\* 657,143,000 bonus shares have been allotted and issued on 9 May 2017 pursuant to the bonus issue of one (1) bonus share for one (1) existing ordinary share in the capital of the Company (the "Bonus Share Issue").

The Company has no subsidiary holdings and outstanding convertibles which may be converted to shares as at 30 June 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.**

	Number of ordinary shares	
	30/06/2017	31/12/2016
Total number of issued shares excluding treasury shares	1,314,286,000	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 2017 and 31 December 2016.

**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.

**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 2017 and as disclosed in paragraph 5 below, 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.**

Pursuant to the Bonus Share Issue, the aggregate number of issued shares increased from 657,143,000 to 1,314,286,000 shares. As a result, the number of ordinary shares used in the computation of earnings per share calculations has been adjusted retrospectively as required by FRS 33.

**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 2017	Q2 2016 (Restated) *	YTD 2017	YTD 2016 (Restated) *
Profit attributable to owners of the Company (\$'000)	8,092	9,954	16,664	18,562
Weighted average number of ordinary shares used in the computation of basic earnings per share	1,314,286,000	1,314,286,000 *	1,314,286,000	1,314,286,000 *
Basic earnings per share (cents)	0.62	0.76	1.27	1.41
Weighted average number of ordinary shares used in the computation of diluted earnings per share	1,314,357,587	1,314,286,000	1,314,357,587	1,314,286,000
Diluted earnings per share (cents)	0.62	0.76	1.27	1.41

\* Please refer to paragraph 5 above.

**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	
	30/6/2017 (Unaudited)	31/12/2016 (Audited)	30/6/2017 (Unaudited)	31/12/2016 (Audited)
Net asset value attributable to owners of the Company (\$'000)	65,309	63,577	37,976	38,230
Net asset value per ordinary share at end of financial period (cents) <sup>(1)</sup>	4.97	9.67	2.89	5.82
Net asset value per ordinary share at end of financial period (cents) <sup>(2)</sup>	4.97	4.84	2.89	2.91

The calculation of net asset value per ordinary share was based on:

<sup>(1)</sup> 657,143,000 shares and 1,314,286,000 shares at 31 December 2016 and 30 June 2017 respectively;

<sup>(2)</sup> 1,314,286,000 shares for all periods, including the financial year ended 31 December 2016, which had been restated to take into account the effects of the Bonus Share Issue.



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**

The Group's revenue for the quarter ended 30 June 2017 ("**Q2 2017**") was \$15.94 million, a decrease of \$1.53 million or 8.8% from \$17.47 million for the quarter ended 30 June 2016 ("**Q2 2016**"). The decrease was due to decreases in patient visits compared to the same period last year.

#### **Other item of income**

##### Other income

Other income comprised interest received on fixed deposit, government-paid childcare and maternity leave, and grant from government under Special & Temporary Employment Credit and Wage Credit Scheme.

Other income grew by \$0.01 million or 5.7% from \$0.16 million in Q2 2016 to \$0.17 million in Q2 2017. The increase was mainly due to interest earned on fixed deposit.

#### **Other items of expense**

##### Employee benefits expense

Employee benefits expense comprised remuneration paid to doctors, nurses as well as other medical support staff. These include salaries and wages, allowances, CPF contributions, bonuses and staff benefits.

Employee benefits increased by \$0.36 million or 8.6% from \$4.17 million in Q2 2016 to \$4.53 million in Q2 2017. The increase was mainly due to an increase in staff salaries and provision for staff bonuses.

##### Operating lease expense

Operating lease expense increased by \$0.03 million or 9.0% from \$0.37 million in Q2 2016 to \$0.40 million in Q2 2017. The increase was due to a new operating lease that was effected in October 2016.

##### Other operating expenses

Other operating expenses comprised mainly professional and legal fees, directors' fees, expenses from marketing activities, depreciation, overseas travel, laboratory consumable and services and cost of share-based payments.

Other operating expenses increased by \$0.56 million or 118.0% from \$0.47 million in Q2 2016 to \$1.03 million in Q2 2017. The increase pertained to:

- Cost of share-based payments of \$0.07 million that was recorded in Q2 2017;
- Higher legal and professional fees, training costs, overseas travelling expenses and fees incurred in the processing of bonus shares, which aggregated \$0.15 million; and
- Higher overhead expenses incurred by a subsidiary, Stem Med Pte. Ltd. ("**Stem Med**") of \$0.34 million.

## **Performance Review (cont'd)**

### **Share of results of associate**

The Group's share of loss after tax of its associate, Hong Kong Integrated Oncology Centre Holdings Limited ("HKH") was \$0.41 million in Q2 2017 as compared to \$0.54 million in Q2 2016, which represented an improvement of \$0.13 million.

### **Income tax expense**

Income tax expense decreased by \$0.35 million or 16.1% from \$2.21 million in Q2 2016 to \$1.86 million in Q2 2017 due to lower profits in Q2 2017. The effective tax rate for Q2 2017 and Q2 2016 were 19.1% and 18.3% respectively.

### **Profit after tax**

The Group recorded profit after tax of \$7.88 million in Q2 2017 as compared to \$9.86 million in Q2 2016. The decrease of \$1.98 million or 20.1% was mainly due to a decrease in revenue, higher operating expenses offset by a decrease in the share of loss of associate.

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

### **Non-current assets**

The Group's non-current assets comprised mainly plant and equipment, investment in associate and prepaid operating expenses. Non-current assets decreased by \$1.10 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 \$0.95 million during the year as well as depreciation of plant and equipment of \$0.15 million.

### **Current assets**

Current assets comprised inventories, prepaid operating expenses, trade and other receivables and cash and short-term deposits. Current assets increased by \$3.52 million which was attributable to the increase in cash and short-term deposits of \$4.08 million and inventories of \$0.05 million, partially offset by a decrease in prepaid operating expenses of \$0.05 million and trade and other receivables of \$0.56 million.

The increase in cash and short-term deposits was mainly attributable to cash flows from operating activities while the decrease in trade and other receivables was mainly due to a decrease in revenue.

### **Current liabilities**

Current liabilities comprised trade and other payables, other liabilities and income tax payable. Current liabilities decreased by \$0.54 million. Trade and other payables decreased by \$0.23 million due to lower GST and trade payables. Income tax payable decreased by \$0.55 million due to the payment of FY2016 income tax in 2017 offset by income tax provision in respect of the first two quarters of 2017. Other liabilities increased by \$0.24 million due to an increase in accrued operating expenses.

### **Non-current liabilities**

Non-current liabilities comprised other liabilities and loan from non-controlling shareholders to a subsidiary. Non-current liabilities increased by \$1.63 million which was mainly attributable to the loan of \$1.60 million from StemCord Pte. Ltd. ("StemCord") to Stem Med. The Company and StemCord had granted loans amounting to \$2.40 million and \$1.60 million respectively to Stem Med in proportion to their existing shareholding percentage in Stem Med.

## **Performance Review (cont'd)**

### **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% and 46%<sup>(1)</sup> non-controlling interests' share in the net equity of Stem Med and Stem Med Indonesia Pte. Ltd. ("**SMI**") respectively.

**Note:-**

(1) *Stem Med owns 90% of SMI. By virtue of the Company's 60% interest in Stem Med, the Company effectively owns 54% of SMI and the remaining 46% falls within the definition of non-controlling interests accordingly.*

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

### **Operating activities**

Net cash flows from operating activities for Q2 2017 amounted to \$8.87 million. This comprised operating cash flows before changes in working capital of \$10.15 million, net changes in working capital of \$1.08 million, interest received of \$0.20 million, less income tax paid of \$2.56 million. The net decrease in working capital of \$1.08 million was mainly due to a decrease in prepaid operating expenses and trade and other receivables of \$0.07 million and \$0.50 million respectively and an increase in other liabilities of \$0.70 million offset by an increase in inventories of \$0.04 million and a decrease in trade and other payables of \$0.15 million.

### **Investing activities**

Net cash flows used in investing activities of \$10,000 for Q2 2017 was attributable to the purchase of plant and equipment.

### **Financing activities**

Net cash flows used in financing activities amounted to \$13.40 million. This was attributable to the payment of final dividends of \$15.00 million to shareholders in respect of the year ended 31 December 2016 partially offset by the receipt of loan proceeds of \$1.60 million by Stem Med from StemCord (please refer to "*Review of the Group's financial position – Non-current liabilities*" under paragraph 8).

### **Net decrease in cash and cash equivalents**

The above resulted in a net decrease in cash and cash equivalents of \$4.54 million for Q2 2017. Cash and cash equivalents totalled \$68.08 million as at 30 June 2017.

**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 appreciation of the Singapore dollar vis-à-vis the currencies as well as the economic conditions of neighbouring countries.

Dr Ang Peng Tiam, the Chief Executive Officer of the Company, was handed an eight-month suspension by the Court of Three Judges, which had taken effect on 25 July 2017.

The above circumstances will have a material impact on the Group's revenue and earnings.

- 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 \$10.00 million has been declared.

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

\$0.00761

**(ii) Previous corresponding period**

\$0.02280

**(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**

Dividend will be paid on 24 August 2017.

**(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.**

The Share Transfer Books and Register of Members of the Company will be closed at 5:00 p.m. on 16 August 2017 for the purpose of determining entitlements of ordinary shareholders to the tax exempt (one-tier) interim dividend in respect of the financial year ending 31 December 2017.

- 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 \$'000	Amount Utilised \$'000	Amount Unutilised \$'000
Expanding repertoire of talent pool / healthcare services	10,381	8,804 <sup>(1)</sup>	1,577
Overseas expansion / improving quality of medical services	6,920	6,920 <sup>(2)</sup>	-
Total	17,301	15,724	1,577

**Note:-**

- (1) Comprised investments in Stem Med and Hong Kong Integrated Oncology Centre Holdings Limited ("**HKH**") of \$4.20 million (of which \$2.40 million was given as a loan) and \$4.60 million <sup>(2)</sup> 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 June 2017 to be false or misleading in any material aspect.

#### BY ORDER OF THE BOARD

Ang Peng Tiam  
Chief Executive Officer  
7 August 2017

*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*