



TALKMED GROUP LIMITED
 (Company Registration No. 201324565Z)

UNAUDITED FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FOURTH QUARTER AND THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

PART I - INFORMATION REQUIRED FOR FULL YEAR RESULTS ANNOUNCEMENTS

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 fourth quarter and the financial year ended 31 December 2018 (“**Q4 2018**” and “**FY 2018**” respectively). The comparative periods in this announcement are the fourth quarter and the financial year ended 31 December 2017 (“**Q4 2017**” and “**FY 2017**” respectively).

	Q4 2018	Q4 2017	Increase /	FY 2018	FY 2017	Increase /
	\$'000	\$'000	(Decrease)	\$'000	\$'000	(Decrease)
The Group	(Unaudited)	(Unaudited)	%	(Unaudited)	(Audited)	%
Revenue	18,964	15,148	25.2%	61,278	61,361	(0.1%)
Other items of income						
Interest income	554	313	77.0%	982	763	28.7%
Other income	5	18	(72.2%)	104	120	(13.3%)
Other items of expense						
Employee benefits expense	(5,886)	(3,529)	66.8%	(20,468)	(16,160)	26.7%
Cost of share-based payments to employees	(134)	(273)	(50.9%)	(537)	(484)	11.0%
Operating lease expense	(513)	(433)	18.5%	(1,904)	(1,693)	12.5%
Other operating expenses	(1,185)	(854)	38.8%	(4,315)	(3,541)	21.9%
Share of results of associate	(444)	(480)	(7.5%)	(1,137)	(1,828)	(37.8%)
Profit before tax	11,361	9,910	14.6%	34,003	38,538	(11.8%)
Income tax expense	(2,235)	(1,906)	17.3%	(6,789)	(7,341)	(7.5%)
Profit for the period/year	9,126	8,004	14.0%	27,214	31,197	(12.8%)

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 fourth quarter and the financial year ended 31 December 2018 (“**Q4 2018**” and “**FY 2018**” respectively). The comparative periods in this announcement are the fourth quarter and the financial year ended 31 December 2017 (“**Q4 2017**” and “**FY 2017**” respectively).

The Group	Q4 2018 \$'000 (Unaudited)	Q4 2017 \$'000 (Unaudited)	Increase / (Decrease) %	FY 2018 \$'000 (Unaudited)	FY 2017 \$'000 (Audited)	Increase / (Decrease) %
Attributable to:						
Owners of the Company	9,594	8,242	16.4%	28,908	32,036	(9.8%)
Non-controlling interests	(468)	(238)	96.6%	(1,694)	(839)	101.9%
	9,126	8,004	14.0%	27,214	31,197	(12.8%)
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss						
Foreign currency translation	-	(632)	(100.0%)	-	(632)	(100.0%)
Share of other reserve of associate	-	1,997	(100.0%)	-	1,997	(100.0%)
Other comprehensive income for the period/year, net of tax	-	1,365	(100.0%)	-	1,365	(100.0%)
Total comprehensive income for the period/year	9,126	9,369	(2.6%)	27,214	32,562	(16.4%)
Attributable to:						
Owners of the Company	9,594	9,607	(0.1%)	28,908	33,401	(13.5%)
Non-controlling interests	(468)	(238)	96.6%	(1,694)	(839)	101.9%
	9,126	9,369	(2.6%)	27,214	32,562	(16.4%)

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

The Group	Q4 2018 \$'000 (Unaudited)	Q4 2017 \$'000 (Unaudited)	Increase / (Decrease) %	FY 2018 \$'000 (Unaudited)	FY 2017 \$'000 (Audited)	Increase / (Decrease) %
Depreciation of plant and equipment	(94)	(114)	(17.5%)	(376)	(366)	2.7%
Finance costs	(57)	(33)	72.7%	(127)	(33)	284.8%

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	
	31/12/2018 \$'000 (Unaudited)	31/12/2017 \$'000 (Audited)	31/12/2018 \$'000 (Unaudited)	31/12/2017 \$'000 (Audited)
ASSETS				
Non-current assets				
Plant and equipment	4,227	674	-	-
Investment in subsidiaries	-	-	7,188	5,003
Investment in associate	3,404	4,541	11,524	11,524
Loans to subsidiaries	-	-	7,649	1,905
Prepaid operating expenses	4	9	-	-
	7,635	5,224	26,361	18,432
Current assets				
Inventories	282	167	-	-
Prepaid operating expenses	648	273	25	13
Trade and other receivables	8,714	8,641	15,851	15,041
Cash and short-term deposits	73,993	71,051	1,057	9,771
	83,637	80,132	16,933	24,825
Total assets	91,272	85,356	43,294	43,257
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	1,980	1,581	3	29
Other liabilities	3,980	2,596	150	139
Income tax payable	6,775	7,326	-	23
	12,735	11,503	153	191
Net current assets	70,902	68,629	16,780	24,634
Non-current liabilities				
Other liabilities	87	73	-	-
Loans from non-controlling shareholder to subsidiaries	5,099	1,270	-	-
	5,186	1,343	-	-
Total liabilities	17,921	12,846	153	191
Net assets	73,351	72,510	43,141	43,066
Equity attributable to owners of the Company				
Share capital	22,273	22,273	22,273	22,273
Merger reserve	(2,311)	(2,311)	-	-
Share-based payments reserve	883	346	883	346
Other reserve	1,869	2,006	-	-
Foreign currency translation reserve	(495)	(632)	-	-
Retained earnings	51,547	50,647	19,985	20,447
	73,766	72,329	43,141	43,066
Non-controlling interests	(415)	181	-	-
Total equity	73,351	72,510	43,141	43,066
Total equity and liabilities	91,272	85,356	43,294	43,257

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.

The Group	Q4 2018 \$'000 (Unaudited)	Q4 2017 \$'000 (Unaudited)	FY 2018 \$'000 (Unaudited)	FY 2017 \$'000 (Audited)
Operating Activities				
Profit before tax	11,361	9,910	34,003	38,538
<u>Adjustments for:</u>				
Depreciation of plant and equipment	94	114	376	366
Cost of share-based payments	134	273	537	484
Finance costs on unwinding of discount adjustment of loans to subsidiaries	57	33	127	33
Interest income	(554)	(313)	(982)	(763)
Share of results of associate	444	480	1,137	1,828
Operating cash flows before changes in working capital	11,536	10,497	35,198	40,486
Changes in working capital				
Decrease/(increase) in inventories	8	(55)	(115)	(104)
Decrease/(increase) in prepaid operating expenses	587	(109)	(370)	(90)
Increase in trade and other receivables	(2,983)	(3,009)	(40)	(1,996)
Increase/(decrease) in trade and other payables	263	187	399	(154)
Increase/(decrease) in other liabilities	552	(200)	1,398	623
Net changes in working capital	(1,573)	(3,186)	1,272	(1,721)
Cash flows from operations	9,963	7,311	36,470	38,765
Interest received	351	143	949	809
Income tax paid	(1,459)	(1,706)	(7,340)	(8,586)
Net cash flows from operating activities	8,855	5,748	30,079	30,988

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.

The Group	Q4 2018 \$'000 (Unaudited)	Q4 2017 \$'000 (Unaudited)	FY 2018 \$'000 (Unaudited)	FY 2017 \$'000 (Audited)
Investing Activities				
Purchase of plant and equipment	(3,611)	(42)	(3,929)	(529)
Net cash flows used in investing activities	<u>(3,611)</u>	<u>(42)</u>	<u>(3,929)</u>	<u>(529)</u>
Financing Activities				
Dividends paid on ordinary shares	-	-	(28,008)	(25,004)
Loans from non-controlling shareholder to subsidiaries	2,800	-	4,800	1,600
Net cash flows generated from/(used in) financing activities	<u>2,800</u>	<u>-</u>	<u>(23,208)</u>	<u>(23,404)</u>
Net increase in cash and cash equivalents	8,044	5,706	2,942	7,055
Cash and cash equivalents at beginning of the period	65,949	65,345	71,051	63,996
Cash and cash equivalents at end of the period	<u>73,993</u>	<u>71,051</u>	<u>73,993</u>	<u>71,051</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	Merger reserve	Share- based payments reserve	Other reserve	Foreign currency translation reserve	Retained earnings	Non- controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2018	22,273	(2,311)	346	2,006	(632)	50,647	181	72,510
Profit for the year, representing total comprehensive income for the year	-	-	-	-	-	28,908	(1,694)	27,214
Dividend paid to shareholders	-	-	-	-	-	(28,008)	-	(28,008)
Share-based payments	-	-	537	-	-	-	-	537
Fair value adjustment for loans from non-controlling shareholder to subsidiaries	-	-	-	-	-	-	1,098	1,098
Other adjustment	-	-	-	(137)	137	-	-	-
Balance at 31 December 2018	22,273	(2,311)	883	1,869	(495)	51,547	(415)	73,351
The Group (Audited)								
Balance at 1 January 2017	22,273	(2,311)	-	-	-	43,615	528	64,105
Profit for the year	-	-	-	-	-	32,036	(839)	31,197
Other comprehensive income:								
- Foreign currency translation	-	-	-	-	(632)	-	-	(632)
- Share of other reserve of associate	-	-	-	1,997	-	-	-	1,997
Dividend paid to shareholders	-	-	-	-	-	(25,004)	-	(25,004)
Share-based payments	-	-	346	-	-	-	-	346
Fair value adjustment for loan from non-controlling shareholder to a subsidiary	-	-	-	-	-	-	363	363
Shares issued pursuant to performance shares awarded to a director of a subsidiary	-	-	-	-	-	-	138	138
Changes in ownership interest in subsidiary without a loss in control	-	-	-	9	-	-	(9)	-
Balance at 31 December 2017	22,273	(2,311)	346	2,006	(632)	50,647	181	72,510

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	Share-based payments reserve \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 January 2018	22,273	346	20,447	43,066
Profit for the year, representing total comprehensive income for the year	-	-	27,546	27,546
Dividend paid to shareholders	-	-	(28,008)	(28,008)
Share-based payments	-	537	-	537
Balance at 31 December 2018	22,273	883	19,985	43,141

The Company (Audited)	Share capital \$'000	Share-based payments reserve \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 January 2017	22,273	-	15,957	38,230
Profit for the year, representing total comprehensive income for the year	-	-	29,494	29,494
Dividend paid to shareholders	-	-	(25,004)	(25,004)
Share-based payments	-	346	-	346
Balance at 31 December 2017	22,273	346	20,447	43,066

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.

There are no changes in the Company's share capital since 30 September 2018. As at 31 December 2018 and 31 December 2017, there were no treasury shares held by the Company and there were no subsidiary holdings.

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

	Number of ordinary shares	
	31/12/2018	31/12/2017
Total number of issued shares	1,314,286,000	1,314,286,000

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

There were no shares held as treasury shares as at 31 December 2018 and 31 December 2017.

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.

There were no subsidiary holdings.

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 2018 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.

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for the financial periods beginning on or after 1 January 2018. Other than the adoption of the new standards that are effective on 1 January 2018, the Group has adopted the new financial reporting framework, Singapore Financial Reporting Standards (International) ("**SFRS(I)**") on 1 January 2018. The adoption of the new standards that are effective on 1 January 2018 and SFRS(I) have no material impact on the financial statements.

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	Q4 2018 (Unaudited)	Q4 2017 (Unaudited)	FY 2018 (Unaudited)	FY 2017 (Audited)
Profit attributable to owners of the Company (\$'000)	9,594	8,242	28,908	32,036
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)	0.73	0.63	2.20	2.44
Weighted average number of ordinary shares used in the computation of diluted earnings per share	1,314,798,335	1,314,615,860	1,314,798,335	1,314,615,860
Diluted earnings per share (cents)	0.73	0.63	2.20	2.44

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	
	31/12/2018 (Unaudited)	31/12/2017 (Audited)	31/12/2018 (Unaudited)	31/12/2017 (Audited)
Net asset value attributable to owners of the Company (\$'000)	73,766	72,329	43,141	43,066
Net asset value per ordinary share at end of the financial period (cents) #	5.61	5.50	3.28	3.28

#The calculation of net asset value per ordinary share was based on 1,314,286,000 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

Q4 2018 and FY 2018

Revenue

In Q4 2018, revenue for the Group increased by \$3.81 million or 25.2% from \$15.15 million in Q4 2017 to \$18.96 million in Q4 2018. The increase in revenue in Q4 2018 was mainly attributed to the increase in the number of patient visits as compared to the same corresponding period last year.

The Group's revenue for FY 2018 was \$61.28 million, a decrease of \$0.08 million or 0.1% from \$61.36 million for FY 2017. Despite an increase in FY 2018 revenue from the provision of medical oncology services in Singapore and Vietnam, the total revenue in FY 2018 had decreased and this was attributed to a decrease in FY 2018 revenue from stem cell services in Singapore as compared to FY 2017.

Revenue from our operations in Vietnam, which were carried out through our wholly-owned subsidiary, TalkMed Vietnam Pte. Ltd., amounted to \$0.26 million during FY 2018, an increase of \$0.01 million or 5.3% compared to FY 2017.

Revenue derived from our 57%-owned subsidiary, Stem Med Pte. Ltd. ("**Stem Med**") for stem cell processing and storage services during the year amounted to \$1.34 million. This was a decrease of \$0.35 million or 20.9% over last year.

Performance Review (cont'd)

Other items of income

Interest income

In Q4 2018, interest income increased by \$0.24 million or 77.0%. The Group's interest income for FY 2018 was \$0.98 million, an increase of \$0.22 million or 28.7% from \$0.76 million in FY 2017.

The increase in interest income in both Q4 2018 and FY 2018 was mainly due to the higher interest earned on fixed deposits.

Other income

The Group's other income comprised government-paid childcare and maternity leave and government grants under the Wage Credit Scheme, Temporary Employment Credit and Special Employment Credit (collectively, the "Grants").

In Q4 2018, other income decreased by \$0.01 million or 72.2%. The Group's other income for FY 2018 was \$0.10 million, a decrease of \$0.02 million or 13.3% from \$0.12 million in FY 2017. The decrease was mainly due to lower Grants received.

Other items of expense

Employee benefits expense

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

In Q4 2018, employee benefits increased by \$2.36 million or 66.8% from \$3.53 million in Q4 2017 to \$5.89 million in Q4 2018.

Employee benefits for FY 2018 increased by \$4.31 million or 26.7% from \$16.16 million in FY 2017 to \$20.47 million in FY 2018.

The increase in employee benefits expense in both Q4 2018 and FY 2018 was mainly due to an increase in staff salaries, higher bonuses paid out and additional staff recruited during the year to support growing business activities.

Cost of share-based payments to employees

Share-based payments to employees related mainly to the options and performance shares that were granted on 11 May 2017 under the Company's employee share option scheme and the performance share plan respectively.

In Q4 2018, it decreased by \$0.14 million or 50.9% from \$0.27 million in Q4 2017 to \$0.13 million in Q4 2018.

The Group's cost of share-based payments to employees for FY 2018 was \$0.54 million, an increase of \$0.06 million or 11.0% from \$0.48 million in FY 2017.

Performance Review (cont'd)

Other items of expense (cont'd)

Operating lease expense

In Q4 2018, operating lease expense increased by \$0.08 million or 18.5% from \$0.43 million in Q4 2017 to \$0.51 million in Q4 2018.

Operating lease expense for FY 2018 increased by \$0.21 million or 12.5% from \$1.69 million in FY 2017 to \$1.90 million in FY 2018.

The increase in operating lease expense in both Q4 2018 and FY 2018 was due to new operating leases that were effected in May 2018 and September 2018.

Other operating expenses

Other operating expenses comprised mainly advertising and marketing expenses, donation made, legal and professional fees and laboratory consumables and services.

In Q4 2018, other operating expenses increased by \$0.34 million or 38.8% from \$0.85 million in Q4 2017 to \$1.19 million in Q4 2018. This increase was mainly due to an increase in overhead expenses incurred by subsidiaries, Stem Med and CellVec Pte. Ltd. ("**CellVec**").

Other operating expenses for FY 2018 increased by \$0.78 million or 21.9% from \$3.54 million in FY 2017 to \$4.32 million in FY 2018 mainly due to:

- Donation, advertising and marketing expenses for "Relay for Life", a fund raising event organized by Singapore Cancer Society; and
- Increase in overhead expenses incurred by subsidiaries, Stem Med and CellVec.

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 \$0.44 million and \$1.14 million in Q4 2018 and FY 2018 respectively. This was a decrease of \$0.04 million and \$0.69 million respectively compared to the previous corresponding periods of \$0.48 million and \$1.83 million in Q4 2017 and FY 2017 respectively.

Income tax expense

Income tax expense increased by \$0.33 million or 17.3% from \$1.91 million in Q4 2017 to \$2.24 million in Q4 2018 due to higher profits in Q4 2018. The effective tax rate for Q4 2018 was 19.7% as compared to 19.2% in Q4 2017.

Income tax expense for FY 2018 decreased by \$0.55 million or 7.5% from \$7.34 million in FY 2017 to \$6.79 million in FY 2018 due to lower profits in FY 2018. The effective tax rate for FY 2018 was 20.0% as compared to 19.0% in FY 2017.

Performance Review (cont'd)

Profit after tax

The Group recorded profit after tax of \$9.13 million in Q4 2018 as compared to \$8.00 million in Q4 2017, an increase of \$1.13 million or 14.0%. This was mainly due to an increase in revenue and a decrease in the share of loss of associate.

In FY 2018, the Group recorded profit after tax of \$27.21 million as compared to \$31.20 million in FY 2017. The decrease of \$3.99 million or 12.8% was mainly due to a decrease in revenue, higher 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 plant and equipment, investment in associate and prepaid operating expenses. Non-current assets increased by \$2.41 million which was mainly attributable to an increase in the carrying amount of plant and equipment of \$3.55 million offset by a decrease in the carrying amount of our investment in associate pursuant to taking up the share of loss of associate of \$1.14 million for YTD 2018.

Current assets

Current assets comprised inventories, prepaid operating expenses, trade and other receivables and cash and short-term deposits. Current assets increased by \$3.51 million which was attributable to the increase in inventories of \$0.12 million, prepaid operating expenses of \$0.38 million, trade and other receivables of \$0.07 million and cash and short-term deposits of \$2.94 million.

The increase in cash and short-term deposits was mainly attributable to cash flows from operating activities while the increase in prepaid operating expenses was mainly due to prepayments made by CellVec to suppliers.

Current liabilities

Current liabilities comprised trade and other payables, other liabilities and income tax payable. Current liabilities increased by \$1.23 million. Trade and other payables increased by \$0.40 million mainly due to higher trade payables. Other liabilities increased by \$1.38 million due to higher accrued operating expenses. Income tax payable decreased by \$0.55 million due to lower profits.

Non-current liabilities

Non-current liabilities comprised other liabilities and loans from non-controlling shareholder to subsidiaries. Non-current liabilities increased by \$3.84 million mainly due to additional loans (before any unwinding of discount adjustment) of \$2.00 million and \$2.80 million from StemCord Pte Ltd ("**StemCord**") to Stem Med and CellVec respectively.

The Company and StemCord had granted additional loans (before any unwinding of discount adjustment) amounting to \$3.00 million and \$2.00 million respectively to Stem Med, thus bringing total loans (before any unwinding of discount adjustment) from the Company and StemCord to \$5.40 million and \$3.60 million respectively.

The Company and StemCord had also granted loans (before any unwinding of discount adjustment) amounting to \$4.20 million and \$2.80 million respectively to CellVec.

Review of the Group's financial position (cont'd)

Non-current liabilities (cont'd)

As at 31 December 2018, the loans from StemCord after taking into account the unwinding of discount adjustment was some \$5.10 million.

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:-

- (i) 43%, 48.7% and 65.8%⁽¹⁾ non-controlling interests' share in the net equity of Stem Med, Stem Med Indonesia Pte. Ltd. and DrSG Cellular Wellness Pte. Ltd. ("**DrSG**") respectively;
- (ii) 25% non-controlling interests' share in the net equity of TalkMed Chongqing Pte. Ltd.; and
- (iii) 43% non-controlling interests' share in the net equity of CellVec Pte. Ltd..

Note:-

- (1) *Stem Med owns 60% of DrSG. By virtue of the Company's 57% interest in Stem Med, the Company effectively owns 34.2% of DrSG and the remaining 65.8% falls within the definition of non-controlling interests.*

Review of the Group's cash flows

Q4 2018

Operating activities

In Q4 2018, net cash flows from operating activities amounted to \$8.86 million. This comprised operating cash flows before changes in working capital of \$11.54 million and interest received of \$0.35 million, less net changes in working capital of \$1.57 million and income tax paid of \$1.46 million. The net increase in working capital of \$1.57 million was mainly due to an increase in trade and other receivables of \$2.98 million, offset by:

- Decrease in inventories and prepaid operating expenses of \$0.01 million and \$0.59 million respectively; and
- Increase in trade and other payables and other liabilities of \$0.26 million and \$0.55 million respectively.

Investing activities

Net cash flows used in investing activities of \$3.61 million was attributable to the purchase of plant and equipment by Stem Med and CellVec.

Financing activities

Net cash flows generated from financing activities amounted to \$2.80 million. This was attributable to the receipt of loan proceeds by CellVec from StemCord.

Net increase in cash and cash equivalents

The above resulted in a net increase in cash and cash equivalents of \$8.04 million.

Review of the Group's cash flows (cont'd)

FY 2018

Operating activities

In FY 2018, net cash flows from operating activities amounted to \$30.08 million. This comprised operating cash flows before changes in working capital of \$35.20 million, interest received of \$0.95 million and net changes in working capital of \$1.27 million, less income tax paid of \$7.34 million. The net decrease in working capital of \$1.27 million was mainly due to an increase in trade and other payables and other liabilities of \$0.40 million and \$1.40 million respectively, offset by an increase in inventories, prepaid operating expenses and trade and other receivables of \$0.12 million, \$0.37 million and \$0.04 million respectively.

Investing activities

Net cash flows used in investing activities of \$3.93 million was attributable to the purchase of plant and equipment by Stem Med and CellVec.

Financing activities

Net cash flows used in financing activities was \$23.21 million. This was attributable to the payment of dividends to shareholders of \$28.01 million partially offset by the receipt of loan proceeds of \$2.00 million and \$2.80 million by Stem Med and CellVec respectively from StemCord.

Net increase in cash and cash equivalents

The above resulted in net increase in cash and cash equivalents of \$2.94 million. Cash and cash equivalents totalled \$73.99 million as at 31 December 2018.

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 competition arising from lower medical costs in our neighbouring countries.

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

(a) Any dividend declared or recommended for the current financial period reported on

Yes, the Board has recommended a final dividend (the "Final Dividend") in respect of FY 2018 as follows:

Name of dividend	Final Dividend
Dividend type	Cash
Dividend rate	\$0.01065 per ordinary share
Tax rate	Tax exempt (one-tier)

The Company had also declared an interim cash dividend (one-tier tax exempt) of \$0.00761 per ordinary share, which was paid on 24 August 2018.

(b) Any dividend declared for the corresponding period of the immediately preceding financial year

Yes.

Name of dividend	Final dividend
Dividend type	Cash
Dividend rate	\$0.01370 per ordinary share
Tax rate	Tax exempt (one-tier)

The Company had also declared an interim cash dividend (one-tier tax exempt) of \$0.00761 per ordinary share, which was paid on 24 August 2017.

(c) The date the dividend is payable

The proposed Final Dividend, if approved by the shareholders of the Company at the Annual General Meeting to be held on 25 April 2019, will be paid on 16 May 2019.

(d) 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.

NOTICE IS HEREBY GIVEN that, subject to the approval of the shareholders of the Company to the proposed Final Dividend at the Annual General Meeting to be held on 25 April 2019, the Share Transfer Books and Register of Member of the Company will be closed at 5:00 p.m. on 6 May 2019 for the purpose of determining entitlements of ordinary shareholders to the tax exempt (one-tier) Final Dividend of 1.065 Singapore cents per ordinary share for the financial year ended 31 December 2018.

Duly completed registrable transfers received by the Company's Share Register, B.A.C.S. Private Limited at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, up to 5:00 p.m. on 6 May 2019 will be registered before entitlements to the Final Dividend are determined. Members whose securities accounts with The Central Depository (Pte) Ltd. are credited with the Company's ordinary shares as at 5:00 p.m. on 6 May 2019 will be entitled to the Final Dividend. Payment of the Final Dividend, if approved by the members at the Annual General Meeting to be held on 25 April 2019, will be made on 16 May 2019.

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. **Interested Person Transactions**

The Company and its subsidiaries had the following Interested Persons Transactions during FY 2018.

Name of Interested Persons	Aggregate value of all IPTs during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) \$'000	Aggregate value of all IPTs during the financial year under review conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) \$'000
Dr. Ang Peng Tiam	202	N.A.
P.T. Ang Medical Services Pte Ltd	873	N.A.
StemCord Pte Ltd ⁽¹⁾	454	N.A.

Note:

⁽¹⁾ Dr Ang is also a Director and a substantial shareholder of StemCord Pte Ltd ("StemCord") holding 17.35% in StemCord. Pursuant to Rule 904 of the Catalist Rules, charges by and payments made by StemCord on behalf of Stem Med, a subsidiary of the Company, constitutes an interested person transaction.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

Revenue by geographical segment	FY 2018 \$'000 (Unaudited)	FY 2017 \$'000 (Audited)
Provision of medical oncology services		
- Singapore	59,686	59,429
- Vietnam	257	244
Stem cell services		
- Singapore	1,335	1,688
	61,278	61,361

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

Please refer to item 8.

17. Breakdown of sales as follows:-

	Group		Increase/ (Decrease) %
	31/12/2018 \$'000 (Unaudited)	31/12/2017 \$'000 (Audited)	
Sales reported for the first half year	26,118	32,171	(18.8%)
Operating profit after tax reported for first half year	10,892	16,270	(33.1%)
Sales reported for the second half year	35,160	29,190	20.5%
Operating profit after tax reported for second half year	16,322	14,927	9.3%

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

Please refer to item 11 for the Final Dividend declared in respect of FY 2018.

Dividends declared and paid to the Company's shareholders		For the year ended 31 st December	Actual payment date	FY 2018 \$'000	FY 2017 \$'000
Final dividend	One-tier tax exempt	2016	11 May 2017		15,002
		2017	9 May 2018	18,006	
1 st interim dividend	One-tier tax exempt	2017	24 Aug 2017		10,002
		2018	24 Aug 2018	10,002	
				28,008	25,004
Proposed dividend to the Company's shareholders but not recognised as a liability as at					
				31/12/2018	31/12/2017
				\$'000	\$'000
Final dividend				13,997	18,006

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

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

20. 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.

BY ORDER OF THE BOARD

Ang Peng Tiam
Chief Executive Officer
19 February 2019

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 at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581. Telephone number: (65) 6415 9886