HEALTHWAY MEDICAL CORPORATION LIMITED
(Co. Regn. No: 200708625C)

Healthway Medical
Empowering Healthier Lives

UNAUDITED FINANCIAL STATEMENTS AND DIVIDENDS ANNOUNCEMENT
FOR THE FULL YEAR FINANCIAL YEAR ENDED 31 DECEMBER 2018 ("2018 FY")

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR 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.

	12 months ended		
	31.12.18	**31.12.17**	**Change**
	S$'000	**S$'000**	**%**
Revenue	112,674	104,812	7.5
Other income	1,983	1,687	17.5
Other (losses) / gains - net	(33)	22	n.m.
Expenses by nature			
- Medical supplies, consumables and laboratory expenses	(21,669)	(19,899)	8.9
- Staff costs	(74,285)	(71,296)	4.2
- Depreciation of property, plant and equipment	(2,054)	(1,795)	14.4
- Amortisation of intangible assets	(1)	(4)	(75.0)
- Rental on operating leases	(10,694)	(10,030)	6.6
- Allowance for doubtful trade, loan and other receivables	(1,098)	(1,487)	(26.2)
Impairment loss on intangible assets	-	(25,000)	n.m.
Finance costs	(384)	(2,952)	(87.0)
Other operating expenses	(10,373)	(8,209)	26.4
Loss before income tax	(5,934)	(34,151)	(82.6)
Income tax credit / (expense)	124	(639)	n.m.
Loss for the year attributable to shareholders	(5,810)	(34,790)	(83.3)
Other comprehensive income, net of tax	17	13	30.8
Total comprehensive loss for the year	(5,793)	(34,777)	(83.3)

n.m. denotes not meaningful.

Explanatory notes to the income statement

Loss before income tax of the Group is arrived at after charging / (crediting):

	12 months ended		
	31.12.18 S$'000	31.12.17 S$'000	Change %
Interest income	(387)	(266)	45.5
Rental income	(526)	(348)	51.1
Loss on disposal of subsidiary	70	-	n.m.
Interest expense	384	2,952	(87.0)
Bad debts (written back) / written off	(9)	44	n.m.
Loss on disposal of property, plant and equipment	123	179	(31.3)
Unrealised currency translation loss - net	33	24	37.5
Property, plant and equipment written off	1,096	-	n.m.
Provision for onerous lease contracts	1,225	-	n.m.
Rental on operating leases	10,694	10,030	6.6

Statement of comprehensive income

	12 months ended		
	31.12.18 S$'000	31.12.17 S$'000	Change %
Loss for the year	(5,810)	(34,790)	(83.3)
Currency translation gain arising from consolidation - net	17	13	30.8
Total comprehensive loss for the year	(5,793)	(34,777)	(83.3)

n.m. denotes not meaningful.

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

	Group		Company	
	31.12.18	**31.12.17**	**31.12.18**	**31.12.17**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Current assets				
Cash and bank balances	33,381	38,630	31,010	36,057
Trade and other receivables	15,616	16,239	123	334
Inventories	2,926	3,202	-	-
	51,923	58,071	31,133	36,391
Non-current assets				
Other receivables	2,502	2,380	163	175
Investments in subsidiaries	-	-	208,233	201,923
Property, plant and equipment	7,320	8,312	654	794
Intangible assets	142,552	142,032	221	-
	152,374	152,724	209,271	202,892
Total assets	204,297	210,795	240,404	239,283
Equity				
Share capital	277,433	277,433	277,433	277,433
Currency translation reserve	748	731	-	-
Accumulated losses	(97,622)	(91,812)	(41,112)	(41,459)
Total equity	180,559	186,352	236,321	235,974
Current liabilities				
Trade and other payables	21,042	20,950	4,025	3,229
Current income tax liabilities	84	193	-	-
Borrowings	389	846	-	-
	21,515	21,989	4,025	3,229
Non-current liabilities				
Borrowings	77	499	-	-
Deferred income tax liabilities	1,178	1,297	-	-
Provisions	968	658	58	80
	2,223	2,454	58	80
Total liabilities	23,738	24,443	4,083	3,309
Total equity and liabilities	204,297	210,795	240,404	239,283

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

	As at 31.12.18		As at 31.12.17	
	Secured	Unsecured	Secured	Unsecured
	S$'000	S$'000	S$'000	S$'000
Amount repayable within one year	86	-	304	-
Amount repayable after one year	-	-	86	-

The secured borrowings of the Group are secured by personal guarantee from certain employees of the Company.

The Group's borrowings presented above do not include finance lease liabilities. Finance lease liabilities of the Group are repayable as follows:

	As at 31.12.18	As at 31.12.17
	S$'000	S$'000
Amount repayable within one year	303	542
Amount repayable after one year	77	413

The finance lease liabilities of the Group are secured by the legal titles of leased property, plant and equipment and corporate guarantee from the Company.

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.**

	12 months ended	
	31.12.18	**31.12.17**
	S$'000	**S$'000**
Cash flows from operating activities		
Loss before income tax	(5,934)	(34,151)
Adjustments for:		
Amortisation of intangible assets	1	4
Impairment of goodwill	-	25,000
Depreciation of property, plant and equipment	2,054	1,795
Allowance for doubtful trade, loan and other receivables	1,098	1,497
Property, plant and equipment written off	1,096	-
Loss on disposal of property, plant and equipment	123	179
Provision for onerous lease contracts	1,225	-
Loss on disposal of subsidiaries	70	-
Unrealised currency translation loss - net	33	24
Interest expense	384	2,952
Interest income	(387)	(266)
	(237)	(2,966)
Changes in working capital:		
Inventories	113	(431)
Trade and other receivables	(926)	(2,951)
Trade and other payables	(640)	(8,157)
Provision	(27)	(52)
Cash used in operations	(1,717)	(14,557)
Income tax (payment) / refund	(46)	100
Net cash used in operating activities	**(1,763)**	**(14,457)**
Cash flows from investing activities		
Additions to property, plant and equipment	(2,607)	(2,369)
Additions to intangible assets	(521)	-
Proceeds from disposal of property, plant and equipment	314	-
Settlement of obligations - Wei Yi	(272)	(888)
Advances to HME - net	-	(526)
Net cash inflow on disposal of subsidiary	150	-
Acquisition of a subsidiary, net of cash acquired	-	73
Interest received	387	266
Net cash used in investing activities	**(2,549)**	**(3,444)**
Cash flows from financing activities		
Proceeds from issuance of convertible notes	-	67,713
Proceeds from borrowings	-	5,088
Repayment of borrowings	(304)	(16,186)
Fixed deposits (pledge) / withdrawn	(1)	1,302
Repayment of finance lease liabilities	(575)	(1,418)
Interest paid	(57)	(1,446)
Net cash (used in) / provided by financing activities	**(937)**	**55,053**
Net (decrease) / increase in cash and cash equivalents	**(5,249)**	**37,152**
Cash and cash equivalents		
Beginning of financial year	38,023	871
Effect of exchange rate fluctuations on cash held	(1)	-
End of financial year	**32,773**	**38,023**

Cash and cash equivalents comprised:

	As at 31.12.18	As at 31.12.17
	S$'000	S$'000
Cash and bank balances	33,381	38,630
Fixed deposits pledged as collaterals	(608)	(607)
	32,773	38,023

For the financial year ended 31 December 2018, the Group acquired property, plant and equipment with an aggregate cost of S$2.6 million (2017: S$2.4 million), of which S$nil (2017: S$nil) was acquired under finance lease.

Reconciliation of liabilities arising from financing activities

	1-Jan-18	Principal and interest payments	Non-cash changes $'000	31-Dec-18
	$'000	$'000	Interest expense	$'000
Bank borrowings	390	(313)	9	86
Finance lease liabilities	955	(623)	48	380

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.**

	Ordinary shares	Currency translation reserve	Accumulated losses	Total equity
	S$'000	S$'000	S$'000	S$'000
Group - Current year				
At 1 January 2018	277,433	731	(91,812)	186,352
Loss for the year	-	-	(5,810)	(5,810)
Foreign exchange differences	-	17	-	17
Total comprehensive income / (loss) for the year	-	17	(5,810)	(5,793)
At 31 December 2018	277,433	748	(97,622)	180,559
Group - Previous year				
At 1 January 2017	208,214	718	(57,022)	151,910
Loss for the year	-	-	(34,790)	(34,790)
Foreign exchange differences	-	13	-	13
Total comprehensive income / (loss) for the year	-	13	(34,790)	(34,777)
Issue of new shares pursuant to conversion of convertible notes	70,000	-	-	70,000
Share issue expenses	(2,287)	-	-	(2,287)
Accrued interest on convertible notes converted to ordinary shares	1,506	-	-	1,506
Total contributions by and distributions to shareholders	69,219	-	-	69,219
At 31 December 2017	277,433	731	(91,812)	186,352

	Ordinary shares	Currency translation reserve	Accumulated losses	Total equity
	S$'000	S$'000	S$'000	S$'000
Company - Current year				
At 1 January 2018	277,433	-	(41,459)	235,974
Profit for the year	-	-	347	347
Total comprehensive income for the year	-	-	347	347
At 31 December 2018	277,433	-	(41,112)	236,321
Company - Previous year				
At 1 January 2017	208,214	-	(14,600)	193,614
Loss for the year	-	-	(26,859)	(26,859)
Total comprehensive loss for the year	-	-	(26,859)	(26,859)
Issue of new shares pursuant to conversion of convertible notes	70,000	-	-	70,000
Share issue expenses	(2,287)	-	-	(2,287)
Accrued interest on convertible notes converted to ordinary shares	1,506	-	-	1,506
Total contributions by and distributions to shareholders	69,219	-	-	69,219
At 31 December 2017	277,433	-	(41,459)	235,974

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.

Ordinary shares

	Number of shares	Amount S$
Ordinary shares excluding treasury shares as at 31 December 2018	4,528,792,100	277,433,014

Convertibles

The Company did not have any outstanding convertibles as at 31 December 2018 (31 December 2017: Nil).

Treasury shares

The Company did not have any treasury shares as at 31 December 2018 (31 December 2017: Nil).

Subsidiary Holdings

The Company did not have subsidiary holdings as at 31 December 2018 (31 December 2017: Nil)

1(d)(iii) 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.

	As at 31.12.18	As at 31.12.17
Total number of issued shares excluding treasury shares	4,528,792,100	4,528,792,100

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.

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

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. The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

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

The figures have not been audited or reviewed by the Company's auditors.

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

Save as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those used in the most recently audited annual financial statements.

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.

Except for the adoption of the new financial reporting framework as discussed in the paragraph below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current period compared to the Group's most recently audited financial statements for the year ended 31 December 2017.

On 1 January 2018, the Group has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s) and has prepared its financial information under SFRS(I)s for the full year ended 31 December 2018. In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). The Group's opening balance sheet under SFRS(I)s has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I)s. The Group has also concurrently applied new major accounting standards (1) SFRS(I) 9 Financial Instruments and (2) SFRS(I) 15 Revenue from Contracts with Customers. The adoption of the new financial reporting framework has no material impact to the Group's financial statements for the current financial year.

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.

	12 months ended	
	31.12.18	**31.12.17**
Basic and diluted loss per ordinary share (Singapore cents) [(a)]	(0.13) [(b)]	(1.09) [(c)]

(a) Basic and diluted loss per share of the Group ended 31 December 2018 are calculated based on the weighted average number of ordinary shares in issue of 4,528,792,100 (31 December 2017: 3,202,405,236).

(b) The respective basic and diluted loss per share for the Group ended 31 December 2018 were the same as there were no potentially dilutive ordinary shares as at the end of the respective financial periods.

(c) The respective basic and diluted loss per share for the Group ended 31 December 2017 were the same as there were no potentially dilutive ordinary shares as at the end of the respective financial periods.

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	
	As at 31.12.18	**As at 31.12.17**	**As at 31.12.18**	**As at 31.12.17**
Net asset value per ordinary share based on total number of issued shares, excluding treasury shares (Singapore cents)	3.99	4.11	5.22	5.21

The net asset value per ordinary share of the Group and the Company as at 31 December 2018 were calculated based on the total number of issued shares, excluding treasury shares, of 4,528,792,100 (31 December 2017: 4,528,792,100).

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 followings: -**
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.

Review of performance

The Group's turnover for the financial year ended 31 December 2018 ("FY2018") was S$112.7 million, an increase of S$7.9 million or 7.5% from S$104.8 million for the financial year ended 31 December 2017 ("FY2017"). The increase was mainly due to the increase in revenue of S$5.4 million from the Primary Healthcare segment and increase in revenue of S$2.5 million from the Specialist Healthcare segment. During the FY2018 Q3, Group exited from the Wellness Healthcare Segment at a loss of S$0.1 million. The Group's turnover for FY2018 for both Primary Healthcare segment and Specialist Healthcare segment includes revenue from clinics owned by Healthway Medical Enterprises Pte Ltd ("HME"), which was acquired during FY2017 Q2.

The Group's other operating income increased by S$0.3 million or 17.5% from S$1.7 million for FY2017 to S$2.0 million for FY2018. This was mainly due to higher government grants of S$0.4 million and rental income of $0.2 million, offset by lower other income of S$0.3 million.

Total operating costs for the Group decreased by S$17.5 million or 12.7% from S$137.7 million for FY2017 to S$120.2 million for FY2018. The decrease was mainly attributable to absence in FY2018 of impairment loss on intangible assets of S$25.0 million, lower allowance for trade, loan and other receivables of S$0.4 million, offset by increase in medical supplies, consumables and laboratory expenses by S$1.8 million in line with the increase in revenue, higher depreciation expenses of S$0.2 million, higher staff costs of S$3.0 million, higher operating lease expenses S$0.7 million and higher other operating cost of S$2.2 million on account of write-off of property plant and equipment of S$1.1 million arising from renovation and refurbishment works as a result of rebranding exercise for the Group's clinics and provision for onerous lease contracts of S$1.2 million arising from review of operations and decision to close certain non-performing clinics.

Finance costs were lower by S$2.6 million or 87.0% mainly attributable to the absence of interest costs of S$1.5 million on the convertible notes issued in FY2017 Q2 which was subsequently converted in FY2017 Q4 and lower loan interest costs of S$1.4 million as a result of repayment made, offset by interest expense of S$0.3 million arising from discounting long-term security deposits to its net present value.

As a result of the above, the Group's net loss before income tax for FY2018 was S$5.9 million as compared to a net loss before income tax of S$34.2 million in FY2017 and the net loss attributable to shareholders for FY2018 was S$5.8 million as compared to net loss attributable to shareholders of S$34.8 million for FY2017.

Financial position

Non-current assets were S$152.3 million as at 31 December 2018, S$0.4 million lower than S$152.7 million as at 31 December 2017. The decrease was due to net decrease in property, plant and equipment of S$1.0 million mainly due to write-off of property plant and equipment upon renovation of clinics. This was offset by increase in other receivables of S$0.1 million due to reclassification of deposit from current to non-current in relation to clinic leases and increase in intangible assets of S$0.5 million due to acquisition of a GP clinic for S$0.3 million in FY2018 Q3 and addition of other intangibles of S$0.2 million.

Current assets were S$51.9 million as at 31 December 2018, S$6.2 million lower than S$58.1 million as at 31 December 2017. The decrease was mainly due to decrease in cash and cash equivalents of S$5.2 million, decrease in inventories by S$0.3 million and decrease in other receivables of S$0.9 million. This was offset by increase in trade receivables of S$0.2 million mainly due to increase in revenue.

Non-current liabilities were S$2.2 million as at 31 December 2018, a decrease of S$0.2 million from S$2.4 million as at 31 December 2017. This was mainly due to reclassification of borrowings from non-current to current borrowings of S$0.4 million, decrease in deferred income tax liabilities of S$0.1 million, offset by increase in provisions of S$0.3 million.

Current liabilities were S$21.5 million as at 31 December 2018, a decrease of S$0.5 million from S$22.0 million as at 31 December 2017. This was mainly due to a decrease in trade payables of $0.3 million, decrease in other payables and accruals for operating expenses totalling to S$0.8 million, a repayment of borrowings of S$0.5 million that were undertaken for working capital purposes, a decrease in current income tax liabilities of S$0.1 million, offset by an increase in provision for onerous lease contracts of S$1.2 million.

The Group had a positive working capital of S$30.4 million as at 31 December 2018.

Cash flow statement

As at 31 December 2018, the Group had cash and cash equivalents amounting to S$32.8 million, net of fixed deposits pledged of S$0.6 million, as compared to cash and cash equivalents amounting to S$38.0 million, net of fixed deposits pledged of S$0.6 million as at 31 December 2017.

The significant cash movements during FY2018 as compared to FY2017 can be summarised as follows: -

Cash flow used in operating activities for FY2018 amounted to S$1.8 million was a result of operating loss before changes in working capital of S$0.2 million, adjusted for net working capital inflow of S$1.5 million. The net working capital inflow was mainly due to increase in trade and other receivables of S$0.9 million, increase in trade and other payables of S$0.7 million, offset by decrease in inventories of S$0.1 million.

Cash flow used in investing activities for FY2018 was S$2.5 million, mainly due to purchase of property, plant and equipment of S$2.6 million, addition of intangible assets of S$0.5 million, settlement of obligations in respect of lease liabilities of an unrelated third party, Wei Yi Shi Ye Co. Ltd amounting to S$0.3 million, offset by interest received of S$0.4 million, proceed from disposal of property, plant and equipment of $0.3 million and net proceed from disposal of subsidiaries of S$0.2 million.

Cash flow used in financing activities for FY2018 was S$0.9 million, mainly due to repayment of finance lease liabilities of S$0.6 million and repayment of borrowings of S$0.3 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. No forecast or prospect statement had been previously disclosed to shareholders for the current reporting period.

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.

The Singapore private healthcare market continues to grow, with personal healthcare expenditure expected to increase driven by an ageing population and the rising number of chronic diseases and conditions. There is an increased focus on primary care services as private demand for better quality of care grows, especially for geriatric patients and chronic disease patients.

On the back of this positive market trajectory, the Company has continued to focus on improving operational efficacy, as well as refurbishing its clinics to better cater to the needs of patients. To date, the Company has completed refurbishment works at 27 clinics, with the remaining clinics expected to undergo refurbishment works over the first two quarters of FY2019. These enhancement works ensure that the Company's network of clinics are better equipped to serve patients in a pleasant and comfortable environment, while enhancing the operational flow for greater efficiency of service.

The Management, guided by the Board of Directors and the Medical Advisory Board, is working towards achieving the vision of a technology-enabled and service-oriented network of clinics. Going forward, the Company expects to continue its business optimisation strategy, anchored by a patient-centric approach, in order to deliver value to all stakeholders.

11. If a decision regarding dividend has been made: -

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No dividends have been declared or recommended for the current reporting period.

(b)(i) Amount per share (cents)

Not applicable.

(b)(ii) Previous corresponding period (cents)

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 rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) Book closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividends have been declared or recommended for the current financial period reported on due to losses incurred during the year.

13. **If the Group has obtained a general mandate from shareholders for Interested Person Transactions (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 Company does not have a general mandate from its shareholders for Interested Person Transactions ("IPT"). The Company has entered into the following IPT during FY2018.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Alkas Realty Pte Ltd ("**Alkas**")	S$2,000,038	-

Notes:-

[1] The Company had on 3 December 2018 accepted two (2) letters of offer issued by Alkas Realty Pte. Ltd. ("Alkas"), a wholly-owned subsidiary of OUE Limited ("**OUEL**") to lease units located at OUE Downtown Gallery ("**Premises**"). Alkas is considered an associate of HMC's controlling shareholders. Please refer to announcement dated 3 December 2018 for further details.

14. **Use of Proceeds from Tranche 2 of Convertible Notes ("T2 CN B")**

The net proceeds from the issuance of T2 CN B, which was completed on 21 April 2017, was approximately S$59.8 million (after deducting estimated expenses of S$0.2 million) ("**T2 Net Proceeds**"). On 29 December 2017, the Company announced certain reallocation of the T2 Net Proceeds. Subsequent thereto, the Company had on 8 August 2018 regrouped the initial intended use of proceeds ("**Regrouping**") and reallocate the balance unutilised proceeds ("**Further Re-Allocation**"). As at 25 February 2019, the T2 Net proceeds have been utilised as follows:

Intended purposes after Regrouping	Amount allocated after Regrouping and Further Re-allocation (S$ million)	Amount utilised as at 25 February 2019 (S$ million)	Amount unutilised as at 25 February 2019 (S$ million)
Working capital	39.80	33.08[(1)]	6.72
Acquisition of GP and Specialist clinics	20.00	2.10	17.90
	59.80	**35.18**	**24.62**

Notes:-

(1) Mainly for the repayment of loans, payment of salaries, payments to suppliers and renovation costs.

The utilisation was in accordance with the intended purposes stated following the Regrouping and Further Re-allocation as stated in the Company's announcement dated 8 August 2018.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

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

Business Segments

The Group has two reportable segments, as described below, which are the Group's strategic business units.

- Primary Healthcare comprising family medicine, dentistry, healthcare benefit management and investment in strategic medical related business; and

- Specialist Healthcare which comprise paediatrics, orthopaedics, aesthetic medicine, obstetrics and gynaecology and Nobel specialist comprising cardiology, gastroenterology, psychiatry, eye, ear, nose and throat and general surgery. During the FY2018 Q3, the Group exited from the Wellness Healthcare Segment.

Major Customer

The Group does not rely on a single external customer for 10% or more of the Group's revenue.

The segment information for the reportable segments are as follows:

	← Singapore →			China	
	Primary Healthcare	**Specialist Healthcare**		**Specialist Healthcare**	**Total**
2018	**S$'000**	**S$'000**		**S$'000**	**S$'000**
Sales					
Total segment sales and sales to external parties	56,404	56,270	*	-	112,674
EBITDA	(3,598)	59	*	(343)	(3,882)
Depreciation of property, plant and equipment	1,036	1,010	*	8	2,054
Amortisation of intangible assets	-	-		1	1
Segment assets	68,529	109,600		126	178,255
Segment assets includes:					
- Additions to property, plant and equipment	2,359	689		-	3,048
- Additions to intangible assets	411	110		-	521
Segment liabilities	11,548	10,076		386	22,010

* Include wellness healthcare for nine months ended 30 Sep 2018

2017	Singapore Primary Healthcare S$'000	Singapore Specialist & Wellness Healthcare S$'000	China Specialist Healthcare S$'000	Total S$'000
Sales				
Total segment sales and sales to external parties	51,076	53,736	-	104,812
EBITDA	(7,648)	(20,342)	(1,676)	(29,666)
Depreciation of property, plant and equipment	967	822	6	1,795
Amortisation of intangible assets	-	-	4	4
Impairment loss on intangible assets	(4,500)	(20,500)	-	(25,000)
Segment assets	68,630	111,276	121	180,027
Segment assets includes:				
- Additions to property, plant and equipment	2,723	2,572	19	5,314
- Additions to intangible assets	25,325	25,925	-	51,250
Segment liabilities	10,948	9,812	848	21,608

(a) Reconciliation

(i) a reconciliation of EBITDA to loss before income tax is as follows:

	Group 2018 S$'000	Group 2017 S$'000
EBITDA for reportable segments	(3,882)	(29,666)
Depreciation	(2,054)	(1,795)
Amortisation	(1)	(4)
Interest income	387	266
Finance expenses	(384)	(2,952)
Loss before income tax	(5,934)	(34,151)

Geographical information

The Group operates in Singapore.

(b) Geographical information

	Sales for continuing operations 2018 S$'000	Sales for continuing operations 2017 S$'000
Singapore	112,674	104,812
	112,674	104,812

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

Performance by business segment

For FY2018, Primary healthcare segment contributed a higher proportion to the Group's revenue compared to Specialist segment. Revenue for Primary Healthcare segment had increased by 10.4% compared to a revenue growth of 4.7% for Specialist segment.

The performance of the operating segments based on a measure of Earnings before interest, tax, depreciation and amortisation ("EBITDA") for continuing operations. The EBITDA for the Primary Healthcare segment had increased by S$4.0 million in FY2018 compared to FY2017 whereas EBITDA for Specialist segment increased by S$20.4 million in FY2018 compared to FY2017. The overall increase in EBITDA for Specialist segment was mainly due to the absence in FY2018 of an allowance for impairment loss for intangible assets of S$20.5 million. The overall increase in EBITDA in FY2018 for Primary Healthcare segment was mainly due to the absence in FY2018 of an allowance for impairment of loss for intangible assets of S$4.5 million.

Performance by geographical segment

There are no significant changes in the contribution to the Group's revenue by Singapore operations in FY2018 as compared to FY2017.

17. **A breakdown of sales.**

	Group		
	2018	**2017**	**Change**
	S$'000	**S$'000**	**%**
Sales reported for first half-year	57,304	48,625	17.8
Profit / (Loss) reported for first half-year	194	(3,128)	n.m.
Sales reported for second half-year	55,370	56,187	(1.5)
Loss reported for second half-year	(6,004)	(31,662)	(81.0)

n.m. denotes not meaningful.

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

Not applicable.

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). If there are no such persons, the issuer must make an appropriate negative statement.

Name	**Age**	**Family relationship with any director, CEO and/or substantial shareholder**	**Current position and duties, and the year the position was first held**	**Details of changes in duties and position held, if any, during the year**
Abram Melkyzedeck Suhardiman	**30**	**Son-in-law** of Mr Stephen Riady, the Non-Executive Non-Independent Director and deemed substantial shareholder of the Company	Chief Operating Officer since 2017 Responsible in overseeing the Group's operation and corporate support functions including finance, legal, marketing, human resources, corporate communications and information technology divisions	N.A.

20. Confirmation pursuant to Rule 720 (1) of the SGX-ST Listing Manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) pursuant to Rule 720 (1) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

BY ORDER OF THE BOARD

Raymond Lam
Company Secretary
25 February 2019

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).