

**Unaudited Financial Statements and Dividend Announcement
For the Second Quarter and Six Months Ended 30 November 2018**

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3) AND FULL YEAR RESULTS

1(a)(i) 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

	Group					
	2nd Quarter Ended			6 months Ended		
	30 November	30 November	Change %	30 November	30 November	Change %
	2018	2017		2018	2017	
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
	S\$'000	S\$'000		S\$'000	S\$'000	
Revenue	4,625	3,782	22.3%	8,470	7,704	9.9%
Other items of income						
Other income	170	29	486.2%	229	55	316.4%
Items of expense						
Changes in inventories	16	6	166.7%	131	30	336.7%
Inventories and consumables used	(440)	(414)	6.3%	(958)	(777)	23.3%
Employee benefits expense	(1,677)	(1,294)	29.6%	(3,110)	(2,584)	20.4%
Depreciation of plant and equipment	(101)	(87)	16.1%	(199)	(174)	14.4%
Operating lease expenses	(281)	(248)	13.3%	(537)	(503)	6.8%
Other expenses	(474)	(833)	-43.1%	(886)	(1,225)	-27.7%
Finance costs	(17)	-	N.M.	(35)	-	N.M.
Share of results of an associate, net of tax	6	636	-99.1%	52	750	-93.1%
Profit before income tax	1,827	1,577	15.9%	3,157	3,276	-3.6%
Income tax expense	(243)	(118)	105.9%	(458)	(359)	27.6%
Profit for the financial period, representing total comprehensive income for the financial period	1,584	1,459	8.6%	2,699	2,917	-7.5%
Profit and total comprehensive income attributable to:						
Owners of the parent	1,286	1,266	1.6%	2,164	2,456	-11.9%
Non-controlling interests	298	193	54.4%	535	461	16.1%
	1,584	1,459	8.6%	2,699	2,917	-7.5%

N.M. – Not meaningful

1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

Profit for the financial period is stated after charging the following:	2nd Quarter Ended		6 months Ended	
	30 November 2018	30 November 2017	30 November 2018	30 November 2017
	(Unaudited) S\$'000	(Unaudited) S\$'000	(Unaudited) S\$'000	(Unaudited) S\$'000
Allowance for impairment loss on doubtful investee non-trade receivables	-	361	-	361
Amortisation of intangible asset	4	3	7	6
Depreciation of plant and equipment	97	84	192	168

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 November 2018 (Unaudited) S\$'000	31 May 2018 (Audited) S\$'000	30 November 2018 (Unaudited) S\$'000	31 May 2018 (Audited) S\$'000
ASSETS				
Non-current assets				
Plant and equipment	1,261	1,359	57	28
Intangible assets	6,164	5,115	1	1
Investments in subsidiaries	-	-	6,720	5,808
Investments in associates	5,817	5,708	5,438	5,381
Available-for-sale financial assets	-	1,028	-	1,028
Held-to-maturity financial assets	-	2,000	-	2,000
Financial assets at FVTPL	1,028	-	1,028	-
Debt instruments at amortised cost	2,000	-	2,000	-
Deferred tax assets	2	2	-	-
Advance payments	150	300	150	300
	16,422	15,512	15,394	14,546
Current assets				
Inventories	355	220	-	-
Trade and other receivables	1,797	1,708	2,933	2,974
Prepayments	203	211	90	68
Cash and cash equivalents	4,035	4,988	1,471	2,366
	6,390	7,127	4,494	5,408
Total assets	22,812	22,639	19,888	19,954
EQUITY AND LIABILITIES				
Equity				
Share capital	14,433	14,433	14,433	14,433
Treasury shares	(316)	(321)	(316)	(321)
Merger reserve	(815)	(815)	-	-
Other reserve	(7)	-	(7)	-
Retained earnings	4,079	3,407	2,732	2,674
Equity attributable to owners of the parent	17,374	16,704	16,842	16,786
Non-controlling interests	402	404	-	-
Total equity	17,776	17,108	16,842	16,786
Non-current liabilities				
Deferred tax liabilities	96	96	-	-
Derivative financial instruments	69	69	69	69
Provisions	123	84	21	13
	288	249	90	82
Current liabilities				
Trade and other payables	2,215	2,503	957	746
Bank borrowings	1,875	2,250	1,875	2,250
Current income tax payable	658	529	124	90
	4,748	5,282	2,956	3,086
Total liabilities	5,036	5,531	3,046	3,168
Total equity and liabilities	22,812	22,639	19,888	19,954

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30 November 2018 (Unaudited)		As at 31 May 2018 (Audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	1,875	-	2,250

Amount repayable after one year

As at 30 November 2018 (Unaudited)		As at 31 May 2018 (Audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	-	-

Details of collaterals

Not applicable.

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.

Consolidated Statement of Cash Flows

	2nd Quarter Ended		6 months Ended	
	30 November 2018	30 November 2017	30 November 2018	30 November 2017
	(Unaudited) S\$'000	(Unaudited) S\$'000	(Unaudited) S\$'000	(Unaudited) S\$'000
Operating activities				
Profit before income tax	1,827	1,577	3,157	3,276
Adjustments for:				
Allowance for impairment loss on doubtful investee non-trade receivables	-	361	-	361
Amortisation of intangible assets	4	3	7	6
Depreciation of plant and equipment	97	84	192	168
Interest income	(31)	(7)	(64)	(18)
Interest expense	17	-	35	-
Share of results of an associate, net of tax	(6)	(636)	(52)	(750)
Operating cash flows before working capital changes	1,908	1,382	3,275	3,043
Working capital changes:				
Inventories	(18)	(5)	(133)	(29)
Trade and other receivables	(264)	183	(88)	(461)
Prepayments	22	(48)	19	(25)
Trade and other payables	88	1,023	(453)	1,179
Cash generated from operations	1,736	2,535	2,620	3,707
Income tax paid	(328)	(173)	(329)	(173)
Net cash from operating activities	1,408	2,362	2,291	3,534
Investing activities				
Interest received	31	7	64	18
Acquisition of associate	-	(2,502)	-	(4,139)
Acquisition of subsidiaries, net of cash acquired	(83)	-	(561)	(661)
Investment in associate	(56)	-	(56)	-
Investment in held-to-maturity financial assets	-	(2,000)	-	(2,000)
Purchase of intangible assets	-	-	(4)	(3)
Purchase of plant and equipment	(47)	(14)	(65)	(32)
Net cash used in investing activities	(155)	(4,509)	(622)	(6,817)

	2nd Quarter Ended		6 months Ended	
	30 November 2018 (Unaudited) S\$'000	30 November 2017 (Unaudited) S\$'000	30 November 2018 (Unaudited) S\$'000	30 November 2017 (Unaudited) S\$'000
Financing activities				
Dividends paid to owners of the parent	(1,492)	(1,047)	(1,492)	(1,047)
Dividends paid to non-controlling interests	(323)	(245)	(519)	(245)
Interest paid	(17)	-	(35)	-
Proceeds from bank borrowings	-	1,500	-	1,500
Purchase of treasury shares	-	(321)	(201)	(321)
Repayments of bank borrowings	(188)	-	(375)	-
Net cash used in financing activities	(2,020)	(113)	(2,622)	(113)
Net change in cash and cash equivalents	(767)	(2,260)	(953)	(3,396)
Cash and cash equivalents at beginning of financial period	4,802	7,621	4,988	8,757
Cash and cash equivalents at end of financial period	4,035	5,361	4,035	5,361

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

**Consolidated Statement of Changes in Equity
Group**

(Unaudited)

	Share capital S\$'000	Treasury shares S\$'000	Merger reserve S\$'000	Other reserve S\$'000	Retained earnings S\$'000	Equity attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
Balance at 1 June 2018	14,433	(321)	(815)	-	3,407	16,704	404	17,108
Profit for the financial period	-	-	-	-	878	878	237	1,115
Total comprehensive income for the financial period	-	-	-	-	878	878	237	1,115
Contributions by and distributions to owners								
Issue of shares	-	206	-	(7)	-	199	-	199
Purchase of treasury shares	-	(201)	-	-	-	(201)	-	(201)
Total transactions with owners	-	5	-	(7)	-	(2)	-	(2)
Transactions with non-controlling interests								
Dividends	-	-	-	-	-	-	(196)	(196)
Total transactions with non-controlling interests	-	-	-	-	-	-	(196)	(196)
Balance at 31 August 2018	14,433	(316)	(815)	(7)	4,285	17,580	445	18,025
Balance at 1 September 2018	14,433	(316)	(815)	(7)	4,285	17,580	445	18,025
Profit for the financial period	-	-	-	-	1,286	1,286	298	1,584
Total comprehensive income for the financial period	-	-	-	-	1,286	1,286	298	1,584
Contributions by and distributions to owners								
Dividends	-	-	-	-	(1,492)	(1,492)	-	(1,492)
Total transactions with owners	-	-	-	-	(1,492)	(1,492)	-	(1,492)
Transactions with non-controlling interests								
Acquisition of non-controlling interests	-	-	-	-	-	-	(18)	(18)
Dividends	-	-	-	-	-	-	(323)	(323)
Total transactions with non-controlling interests	-	-	-	-	-	-	(341)	(341)
Balance at 30 November 2018	14,433	(316)	(815)	(7)	4,079	17,374	402	17,776

(Unaudited)

	Share capital S\$'000	Treasury shares S\$'000	Merger reserve S\$'000	Other reserve S\$'000	Retained earnings S\$'000	Equity attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
Balance at 1 June 2017	13,014	-	(815)	-	1,631	13,830	95	13,925
Profit for the financial period	-	-	-	-	1,190	1,190	268	1,458
Total comprehensive income for the financial period	-	-	-	-	1,190	1,190	268	1,458
Contributions by owners								
Issue of shares	1,419	-	-	-	-	1,419	-	1,419
Total transactions with owners	1,419	-	-	-	-	1,419	-	1,419
Balance at 31 August 2017	14,433	-	(815)	-	2,821	16,439	363	16,802
Balance at 1 September 2017	14,433	-	(815)	-	2,821	16,439	363	16,802
Profit for the financial period	-	-	-	-	1,266	1,266	193	1,459
Total comprehensive income for the financial period	-	-	-	-	1,266	1,266	193	1,459
Contributions by owners								
Purchase of treasury shares	-	(321)	-	-	-	(321)	-	(321)
Dividends	-	-	-	-	(1,047)	(1,047)	-	(1,047)
Total transactions with owners	-	(321)	-	-	(1,047)	(1,368)	-	(1,368)
Transactions with non-controlling interests								
Acquisition of non-controlling interests	-	-	-	-	-	-	75	75
Dividends	-	-	-	-	-	-	(245)	(245)
Total transactions with non-controlling interests	-	-	-	-	-	-	(170)	(170)
Balance at 30 November 2017	14,433	(321)	(815)	-	3,040	16,337	386	16,723

**Statement of Changes in Equity
Company**

(Unaudited)	Share capital S\$'000	Treasury shares S\$'000	Other reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
Balance at 1 June 2018	14,433	(321)	-	2,674	16,786
Profit for the financial period	-	-	-	712	712
Total comprehensive income for the financial period	-	-	-	712	712
Contributions by and distributions to owners					
Issue of shares	-	206	(7)	-	199
Purchase of treasury shares	-	(201)	-	-	(201)
Total transactions with owners	-	5	(7)	-	(2)
Balance at 31 August 2018	14,433	(316)	(7)	3,386	17,496
Balance at 1 September 2018	14,433	(316)	(7)	3,386	17,496
Profit for the financial period	-	-	-	838	838
Total comprehensive income for the financial period	-	-	-	838	838
Contributions by and distributions to owners					
Dividends	-	-	-	(1,492)	(1,492)
Total transactions with owners	-	-	-	(1,492)	(1,492)
Balance at 30 November 2018	14,433	(316)	(7)	2,732	16,842
(Unaudited)					
Balance at 1 June 2017	13,014	-	-	1,489	14,503
Profit for the financial period	-	-	-	87	87
Total comprehensive income for the financial period	-	-	-	87	87
Contributions by and distributions to owners					
Issue of shares	1,419	-	-	-	1,419
Total transactions with owners	1,419	-	-	-	1,419
Balance at 31 August 2017	14,433	-	-	1,576	16,009
Balance at 1 September 2017	14,433	-	-	1,576	16,009
Profit for the financial period	-	-	-	1,338	1,338
Total comprehensive income for the financial period	-	-	-	1,338	1,338
Contributions by and distributions to owners					
Purchase of treasury shares	-	(321)	-	-	(321)
Dividends	-	-	-	(1,047)	(1,047)
Total transactions with owners	-	(321)	-	(1,047)	(1,368)
Balance at 30 November 2017	14,433	(321)	-	1,867	15,979

- 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.**

Share Capital – Ordinary Shares

The Company’s issued and fully paid-up capital (excluding treasury shares) as at 30 November 2018 comprised 149,175,730 (31 Aug 2018: 149,175,730) ordinary shares. The Company did not issue any new shares during the second quarter ended 30 November 2018 (“2QFY2019”).

Outstanding Convertibles

The Company did not have any convertible instruments as at 30 November 2018 and 30 November 2017.

Treasury Shares

There were 459,900 treasury shares (representing 0.31% of the Company’s 149,175,730 ordinary shares (excluding treasury shares)) as at 30 November 2018 and 30 November 2017.

Subsidiary Holdings

There were no subsidiary holdings as at 30 November 2018 and 30 November 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**

	As at 30 November 2018	As at 31 May 2018
Total number of issued shares excluding treasury shares	149,175,730	149,175,730

- 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. There were no sales, transfers, cancellation and/or use of 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. There were no 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 a matter)

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

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 as disclosed in paragraph 5 below, the accounting policies and methods of computation adopted in the financial statements for the reporting period are consistent with those disclosed in the most recently audited consolidated financial statements for the financial year ended 31 May 2018.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted the Singapore Financial Reporting Standards (International) ("SFRS(I)s") that is identical to the International Financial Reporting Standards with effect from 1 June 2018. The adoption of SFRS(I)s for the first time for the financial year ending 31 May 2019 does not result in any material changes to the Group's and the Company's current accounting policies and no material adjustment are required on transition to this new framework.

The Group has adopted SFRS(I) 9 Financial Instruments and SFRS(I) 15 Revenue from Contracts with Customers that are relevant to the Group's operations. The adoption of the new SFRS(I)s does not result in any material changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current financial period or the previous financial years.

6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

Earnings per share ("EPS")	Group			
	Second Quarter Ended		Six Months Ended	
	30-Nov-18 (Unaudited)	30-Nov-17 (Unaudited)	30-Nov-18 (Unaudited)	30-Nov-17 (Unaudited)
Profit attributable to owners of the parent (S\$)	1,286,000	1,266,000	2,164,000	2,456,000
Weighted average number of ordinary shares in issue	149,175,730	149,175,730 ⁽¹⁾	149,134,746 ⁽²⁾	149,233,708 ⁽³⁾
Basic EPS (cents per share)	0.86	0.85	1.45	1.65
Fully diluted EPS (cents per share) ⁽⁴⁾	0.86	0.85	1.45	1.65

Notes:-

- (1) The weighted average number of ordinary shares in issue for the second quarter ended 30 November 2017 ("2QFY2018") was computed based on 149,635,630 ordinary shares adjusted for purchase of 459,900 treasury shares in 2QFY2018.

- (2) The weighted average number of ordinary shares in issue for the six months ended 30 November 2018 was computed based on 149,175,730 ordinary shares, adjusted for (i) purchase of 300,000 treasury shares; and (ii) transfer of 300,000 treasury shares to Dr. Jason Lim as satisfaction of the consideration for the acquisition of 51% of the equity interest in Jason Lim Endoscopy and Surgery Pte. Ltd. ("JLES").

Items (i) were purchased on 23 July 2018; and (ii) was transferred to Dr. Jason Lim on 17 August 2018.

- (3) The weighted average number of ordinary shares in issue for the six months ended 30 November 2017 ("HYFY2018") was computed based on 147,327,630 ordinary shares adjusted for issue of (i) 448,000 ordinary shares to Dr. Lai Junxu for the acquisition of 51% of the equity interest in Medical L & C Services Pte. Ltd. ("MLCS"); (ii) 1,860,000 ordinary shares to Ms. Jessie Low for the acquisition of 49% of the equity interest in MediNex Pte Ltd. ("MediNex"); and purchase of 459,900 treasury shares.

Items (i) and (ii) were issued on 29 June 2017; and the treasury shares were purchased in HYFY2018.

- (4) EPS on a fully diluted basis for the second quarter and six months ended 30 November 2018 and the second quarter and six months ended 30 November 2017 is the same as the basic EPS because the Company did not have any potentially dilutive ordinary shares during and 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 period reported on; and
- (b) Immediately preceding financial year

Net asset value ("NAV")	Group		Company	
	30-Nov-18 (Unaudited)	31-May-18 (Audited)	30-Nov-18 (Unaudited)	31-May-18 (Audited)
NAV (S\$)	17,374,000	16,704,000	16,842,000	16,786,000
Number of ordinary shares in issue	149,175,730	149,175,730	149,175,730	149,175,730
NAV per ordinary share (S\$ cents)	11.65	11.20	11.29	11.25

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:-

- (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 for the performance of the Group for the second quarter ended 30 November 2018 ("2QFY2019") as compared to the second quarter ended 30 November 2017 ("2QFY2018").

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Revenue

The Group recorded an increase of \$843,000 or approximately 22.3% in revenue for 2QFY2019 as compared to 2QFY2018. The increase was mainly due to increased revenue contributions from:-

- (i) new subsidiaries acquired after 2QFY2018, which included HMC Medical Pte. Ltd. ("HMC") in January 2018, JLES which commenced operations in August 2018 and Medical Services @ Tampines Pte. Ltd. ("MST") where an additional 50% equity interest was acquired in September 2018; and
- (ii) increased revenue from existing subsidiaries.

Employee benefits expense

Employee benefits expense increased by \$383,000 or approximately 29.6% for 2QFY2019 as compared to 2QFY2018 of which \$177,000 was attributable to increased headcount from new subsidiaries acquired after 2QFY2018 and remaining \$206,000 increase was due to higher accrual of bonus and pay increment for the Group's existing staff.

Other expenses

Other expenses decreased by \$359,000 or approximately 43.1% for 2QFY2019 as compared to 2QFY2018 mainly due to an absence of allowance for impairment loss on doubtful investee non-trade receivables in 2QFY2019 (2QFY2018: \$361,000).

Share of results of an associate, net of tax

Share of profits of an associate, net of tax, decreased by \$630,000 in 2QFY2019 as compared to 2QFY2018, due to an absence of bargain purchase on acquisition in 2QFY2019 (2QFY2018: \$546,000).

Profit before income tax

As a result of the abovementioned, profit before income tax increased by \$250,000 or approximately 15.9% from \$1,577,000 in 2QFY2018 to \$1,827,000 in 2QFY2019.

Income tax expense

Income tax expense increased by \$125,000 in 2QFY2019 due to higher taxable profit recorded in the current period compared to the corresponding period in the previous financial year.

Profit after income tax

As a result of the abovementioned, profit after income tax increased by \$125,000 or approximately 8.6% from \$1,459,000 in 2QFY2018 to \$1,584,000 in 2QFY2019.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 30 November 2018 and 31 May 2018.

Non-current assets

Intangible assets comprise goodwill and computer software. The increase in intangible assets was primarily due to the increase in goodwill of \$1,052,000 from the acquisitions of a 51% equity interest in JLES and an additional 50% equity interest in MST which were completed in June 2018 and September 2018 respectively.

The decrease in available-for-sale financial assets and held-to-maturity financial assets, and the increase in financial assets at FVTPL and debt instruments at amortised cost was due to a reclassification, in line with the adoption of SFRS(I)s.

Current assets

Inventories increased by \$135,000 due to new subsidiaries acquired after 31 May 2018.

Cash and cash equivalents decreased by \$953,000 as explained under the section of "Consolidated Statement of Cash Flows" below.

Current liabilities

Trade and other payables decreased by \$288,000 mainly due to payments of employees' bonuses and audit fee for the financial year ended 31 May 2018 in the six months ended 30 November 2018 ("HYFY2019").

Bank borrowings decreased by \$375,000 due to repayments of short-term loans for working capital purpose, drawn down during the previous financial year.

Income tax payable increased by \$129,000 due to higher tax provision for current financial year in line with higher profits, which was partially offset by tax payments made during the current financial year.

CONSOLIDATED STATEMENT OF CASH FLOWS

Net Cash from Operating Activities

The Group recorded net cash from operating activities of \$1,408,000 in 2QFY2019 as compared to net cash from operating activities of \$2,362,000 in 2QFY2018, due to higher operating payments.

Net Cash used in Investing Activities

The Group recorded net cash used in investing activities of \$155,000 in 2QFY2019 as compared to net cash used in investing activities of \$4,509,000 in 2QFY2018. In 2QFY2018, net cash used in investing activities related mainly to the acquisition of MediNex and investment in debt instruments at amortised cost.

Net Cash used in Financing Activities

The Group recorded net cash used in financing activities amounted to \$2,020,000 in 2QFY2019 related to the payment of FY2018 final dividends of \$1,492,000 to shareholders, dividends paid to non-controlling interests, and repayments of bank borrowings.

Overall, the Group recorded a net decrease in cash and cash equivalents of \$767,000 in 2QFY2019.

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

Not applicable as no forecast or a prospect statement has been disclosed previously.

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.

On 13 November 2018, the Ministry of Health (MOH) published on its website, fee benchmarks for 222 common surgical procedures by private surgeons, as part of government measures to boost transparency and rein in rising healthcare costs. (*Source: Extracted from The Straits Times dated 13 November 2018*). The Group is of the opinion that its business will not be affected by the ministry's disclosure of such fee benchmarks due to its competitive and reasonable pricing and will continue to focus on strengthening its core competencies to provide good service to all its patients.

11. Dividend

If a decision regarding dividend has been made: -

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

Yes

Name of Dividend	Ordinary (Interim)
Dividend Type	Cash
Dividend Amount per Share (in S\$ cents)	1.0 cents per ordinary share (one tier tax exempt)
Tax Rate	Tax Exempt

- (b) Previous corresponding period (cents)

Cash dividend of 1.1 Singapore cents per ordinary share (one tier tax exempt).

- (c) The date the dividend is payable.

The dividend will be paid on 29 January 2019.

- (d) The date on which Registrable Transfers receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed at 5.00 p.m. on 16 January 2019 for the purpose of determining shareholders' entitlements to the interim dividends.

Duly completed registrable transfers received by the Company's Share Registrar, Tricor Singapore Pte Ltd, 80 Robinson Road #02-00, Singapore 068898, up to the close of business at 5.00 p.m. on 16 January 2019 will be registered to determine shareholders' entitlements to the interim dividend.

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 shareholders for interested person transactions ("IPT"), 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 shareholders for interested person transactions.

There were no IPTs of \$100,000 and above entered into in HYFY2019.

14. Use of IPO Proceeds

The Company refers to the net cash proceeds amounting to \$6.18 million (excluding listing expenses of approximately \$1.68 million) raised from the IPO on the Catalist Board of SGX-ST on 3 November 2016.

As at the date of this announcement, the status on the use of the IPO net proceeds is as follows:

<u>Use of IPO net proceeds</u>	<u>Amount allocated (\$'000)</u>	<u>Amount allocated after Reallocation (\$'000)</u>	<u>Amount utilised (\$'000)</u>	<u>Balance (\$'000)</u>
Expand business operations locally and regionally	2,800	4,800 ⁽¹⁾⁽²⁾	(4,595) ⁽³⁾	205
Expand surgical facilities	1,200	400 ⁽²⁾	(112) ⁽⁴⁾	288
Working capital	2,180	980 ⁽¹⁾	(980) ⁽⁵⁾	-
Total	6,180	6,180	(5,687)	493

Notes:

- (1) S\$1.2 million of the net IPO proceeds initially allocated for the Group's working capital had been reallocated to expand the Group's business operations locally and regionally. Please refer to the Company's announcement on 1 June 2017 for further details.
- (2) As the Company has no immediate and definite plans to use a significant portion of the IPO net proceeds to expand the Group's surgical facilities, \$0.8 million of the IPO net proceeds initially allocated for the Group's expansion of surgical facilities had been reallocated to expand the Group's business operations locally and regionally, primarily for the proposed acquisition of 51% of the equity interest in JLES. Please refer to the Company's announcement on 7 May 2018 for further details.
- (3) Utilised for the following:-
 - (a) investment in joint venture, HSN Healthcare Pte. Ltd. – \$800,000;
 - (b) acquisition of Julian Ong Endoscopy & Surgery Pte. Ltd. – \$1,569,100;
 - (c) acquisition of MLCS – \$790,160;
 - (d) acquisition of HMC – \$673,000;
 - (e) acquisition of JLES – \$628,000; and
 - (f) acquisition of additional 50% stake in MST – \$135,000.
- (4) Utilised for purchase of medical equipment and consumables for HC and Island Family Pte. Ltd..
- (5) Utilised for payments primarily related to professional fees (\$630,000); rental expenses (\$105,000); and other ancillary fees such as insurance, advertising and promotion and corporate tax.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company confirms that it has procured undertakings from all of its directors and executive officers in the required format.

16. Negative Confirmation by the Board Pursuant to Rule 705(5) of the Catalist Listing Manual

The Board of Directors of the Company confirms, to the best of their knowledge, that nothing has come to their attention which may render the unaudited financial results for the six months ended 30 November 2018 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dr. Heah Sieu Min
Executive Director and Chief Executive Officer
8 January 2019

About HC Surgical Specialists Limited

HC Surgical Specialists Limited (the "**Company**") was incorporated on 1 September 2015 in Singapore and listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 3 November 2016. The Company and its subsidiaries are a medical services group primarily engaged in the provision of endoscopic procedures, including gastroscopies and colonoscopies, and general surgery services with a focus on colorectal procedures across a network of 16 clinics located throughout Singapore.

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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