

**Unaudited Financial Statements and Dividend Announcement
For the Fourth Quarter and Twelve Months Ended 31 May 2019**

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					
	4th Quarter Ended		Change %	12 months Ended		Change %
	31 May 2019 (Unaudited) S\$'000	31 May 2018 (Unaudited) S\$'000		31 May 2019 (Unaudited) S\$'000	31 May 2018 (Audited) S\$'000	
Revenue	5,666	4,433	27.8%	18,318	16,022	14.3%
Other items of income						
Other income	445	91	389.0%	718	228	214.9%
Fair value gain/(loss) on financial assets at FVTPL	(51)	-	N.M.	2,820	-	N.M.
Gain/(loss) arising from deemed disposal in associates	(625)	-	N.M.	128	-	N.M.
Gain on disposal of investment in an associate	75	-	N.M.	366	-	N.M.
Items of expense						
Changes in inventories	(49)	(7)	600.0%	116	17	582.4%
Inventories, consumables and surgery expenses	(504)	(586)	-14.0%	(1,952)	(1,731)	12.8%
Employee benefits expense	(1,733)	(1,475)	17.5%	(6,475)	(5,660)	14.4%
Depreciation and amortisation expenses	(124)	(101)	22.8%	(428)	(362)	18.2%
Operating lease expenses	(231)	(179)	29.1%	(1,054)	(947)	11.3%
Other expenses	(1,572)	(241)	552.3%	(3,016)	(2,034)	48.3%
Finance costs	(6)	(19)	-68.4%	(56)	(38)	47.4%
Share of results of an associate, net of tax	-	(383)	N.M.	(41)	572	N.M.
Profit before income tax	1,291	1,533	-15.8%	9,444	6,067	55.7%
Income tax expense	(356)	(49)	626.5%	(1,018)	(553)	84.1%
Profit for the financial period/year, representing total comprehensive income for the financial period/year	935	1,484	-37.0%	8,426	5,514	52.8%
Profit and total comprehensive income attributable to:						
Owners of the parent	504	1,105	-54.4%	7,206	4,464	61.4%
Non-controlling interests	431	379	13.7%	1,220	1,050	16.2%
	935	1,484	-37.0%	8,426	5,514	52.8%

N.M. – Not meaningful

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

Profit for the financial period/year is stated after charging/(crediting) the following:	4th Quarter Ended		12 months Ended	
	31 May 2019 (Unaudited) S\$'000	31 May 2018 (Unaudited) S\$'000	31 May 2019 (Unaudited) S\$'000	31 May 2018 (Audited) S\$'000
Allowance for impairment loss on doubtful third parties trade receivables	-	4	-	-
Allowance for impairment loss on doubtful investee non-trade receivables written back	-	(361)	-	-
Allowance for impairment loss on goodwill	415	-	415	-
Amortisation of intangible assets	3	3	13	12
Bad third parties trade receivables written off	-	18	2	18
Depreciation of plant and equipment	121	98	415	350
Fair value (gain)/loss on financial assets at FVTPL	51	-	(2,820)	-
Fair value loss on derivative financial instruments	549	-	549	-
(Gain)/loss arising from deemed disposal in associates	625	147	(128)	147
Gain on disposal of investment in an associate	(75)	-	(366)	-

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 May 2019 (Unaudited) S\$'000	31 May 2018 (Audited) S\$'000	31 May 2019 (Unaudited) S\$'000	31 May 2018 (Audited) S\$'000
ASSETS				
Non-current assets				
Plant and equipment	1,099	1,359	47	28
Intangible assets	5,863	5,115	-	1
Investments in subsidiaries	-	-	6,218	5,808
Investments in associates	-	5,708	-	5,381
Investments in joint venture	90	-	90	-
Available-for-sale financial assets	-	1,028	-	1,028
Held-to-maturity financial assets	-	2,000	-	2,000
Financial assets at FVTPL	9,211	-	9,211	-
Debt instruments at amortised cost	2,000	-	2,000	-
Deferred tax assets	2	2	-	-
Derivative financial instruments	-	-	542	-
Advance payments	139	300	139	300
Other receivables	536	-	536	-
	18,940	15,512	18,783	14,546
Current assets				
Inventories	311	220	-	-
Trade and other receivables	2,148	1,708	2,309	2,974
Prepayments	186	211	68	68
Cash and cash equivalents	5,027	4,988	2,061	2,366
	7,672	7,127	4,438	5,408
Total assets	26,612	22,639	23,221	19,954
EQUITY AND LIABILITIES				
Equity				
Share capital	14,433	14,433	14,433	14,433
Treasury shares	(541)	(321)	(541)	(321)
Merger reserve	(815)	(815)	-	-
Capital reserve	(7)	-	(7)	-
Other reserve	(829)	-	-	-
Retained earnings	7,631	3,407	6,804	2,674
Equity attributable to owners of the parent	19,872	16,704	20,689	16,786
Non-controlling interests	410	404	-	-
Total equity	20,282	17,108	20,689	16,786

	Group		Company	
	31 May 2019 (Unaudited) S\$'000	31 May 2018 (Audited) S\$'000	31 May 2019 (Unaudited) S\$'000	31 May 2018 (Audited) S\$'000
Non-current liabilities				
Deferred tax liabilities	72	96	-	-
Derivative financial instruments	619	69	834	69
Other financial liabilities	829	-	-	-
Provisions	123	84	21	13
	<u>1,643</u>	<u>249</u>	<u>855</u>	<u>82</u>
Current liabilities				
Trade and other payables	3,160	2,503	1,080	746
Bank borrowings	500	2,250	500	2,250
Current income tax payable	1,027	529	97	90
	<u>4,687</u>	<u>5,282</u>	<u>1,677</u>	<u>3,086</u>
Total liabilities	<u>6,330</u>	<u>5,531</u>	<u>2,532</u>	<u>3,168</u>
Total equity and liabilities	<u>26,612</u>	<u>22,639</u>	<u>23,221</u>	<u>19,954</u>

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

Amount repayable in one year or less, or on demand

As at 31 May 2019 (Unaudited)		As at 31 May 2018 (Audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	500	-	2,250

Amount repayable after one year

As at 31 May 2019 (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

	4th Quarter Ended		12 months Ended	
	31 May 2019 (Unaudited) S\$'000	31 May 2018 (Unaudited) S\$'000	31 May 2019 (Unaudited) S\$'000	31 May 2018 (Audited) S\$'000
Operating activities				
Profit before income tax	1,291	1,533	9,444	6,067
Adjustments for:				
Allowance for impairment loss on doubtful third parties trade receivables	-	4	-	-
Allowance for impairment loss on doubtful third parties trade receivables written back	-	-	-	(3)
Allowance for impairment loss on doubtful investee non-trade receivables written back	-	(361)	-	-
Allowance for impairment loss on goodwill	415	-	415	-
Amortisation of intangible assets	3	3	13	12
Bad third parties trade receivables written off	-	18	2	18
Depreciation of plant and equipment	121	98	415	350
Dividend income	(253)	-	(253)	-
Fair value (gain)/loss on financial assets at FVTPL	51	-	(2,820)	-
Fair value loss on derivative financial instruments	549	-	549	-
(Gain)/loss arising from deemed disposal in associates	625	147	(128)	147
Gain on disposal of investment in an associate	(75)	-	(366)	-
Interest income	(33)	(30)	(131)	(107)
Interest expense	6	19	56	38
Inventories written off	4	2	4	2
Plant and equipment written off	78	2	80	2
Share of results of an associate, net of tax	-	383	41	(572)
Operating cash flows before working capital changes	2,782	1,818	7,321	5,954
Working capital changes:				
Inventories	51	106	(92)	82
Trade and other receivables	(583)	291	(445)	(516)
Prepayments	(30)	(10)	36	(30)
Trade and other payables	723	322	515	939
Cash generated from operations	2,943	2,527	7,335	6,429
Income tax paid	-	23	(544)	(302)
Net cash from operating activities	2,943	2,550	6,791	6,127

	4th Quarter Ended		12 months Ended	
	31 May 2019 (Unaudited) S\$'000	31 May 2018 (Unaudited) S\$'000	31 May 2019 (Unaudited) S\$'000	31 May 2018 (Audited) S\$'000
Investing activities				
Acquisition of an associate	-	(98)	-	(4,237)
Acquisition of subsidiaries, net of cash acquired	-	(3)	(591)	(1,307)
Advance payment for acquisition of investment	(139)	(300)	(139)	(300)
Dividend income from an associate	-	98	-	98
Dividend income from investment in financial assets at FVTPL	253	-	253	-
Interest received	33	30	131	107
Investment in associate	-	-	(56)	-
Investment in available-for-sale financial assets	-	(492)	-	(492)
Investment in financial assets at FVTPL	(64)	-	(64)	-
Investment in held-to-maturity financial assets	-	-	-	(2,000)
Loans to a joint venture	(625)	-	(625)	-
Proceeds from disposal of investment in associate	-	-	1,000	-
Proceeds from disposal of plant and equipment	100	-	100	-
Purchase of intangible assets	-	-	(4)	(3)
Purchase of plant and equipment	(194)	(223)	(295)	(257)
Net cash used in investing activities	(636)	(988)	(290)	(8,391)
Financing activities				
Advances from directors of subsidiaries	-	69	-	69
Advances from related party	-	79	-	79
Repayment to related party	-	(49)	-	(49)
Dividends paid to owners of the parent	-	-	(2,982)	(2,688)
Dividends paid to non-controlling interests	(494)	(286)	(1,248)	(807)
Interest paid	(6)	(18)	(56)	(38)
Proceeds from bank borrowings	-	-	-	3,000
Purchase of treasury shares	(112)	-	(426)	(321)
Repayments of bank borrowings	(188)	(188)	(1,750)	(750)
Net cash used in financing activities	(800)	(393)	(6,462)	(1,505)
Net change in cash and cash equivalents	1,507	1,169	39	(3,769)
Cash and cash equivalents at beginning of financial period/year	3,520	3,819	4,988	8,757
Cash and cash equivalents at end of financial period/year	5,027	4,988	5,027	4,988

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	Treasury shares	Merger reserve	Capital reserve	Other reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 June 2018	14,433	(321)	(815)	-	-	3,407	16,704	404	17,108
Profit for the financial year	-	-	-	-	-	7,206	7,206	1,220	8,426
Total comprehensive income for the financial year	-	-	-	-	-	7,206	7,206	1,220	8,426
Contributions by and distributions to owners									
Acquisition of a subsidiary	-	206	-	(7)	-	-	199	-	199
Purchase of treasury shares	-	(426)	-	-	-	-	(426)	-	(426)
Present value of forward purchase contract	-	-	-	-	(829)	-	(829)	-	(829)
Dividends	-	-	-	-	-	(2,982)	(2,982)	-	(2,982)
Total transactions with owners	-	(220)	-	(7)	(829)	(2,982)	(4,038)	-	(4,038)
Transactions with non-controlling interests									
Acquisition of subsidiaries	-	-	-	-	-	-	-	34	34
Dividends	-	-	-	-	-	-	-	(1,248)	(1,248)
Total transactions with non-controlling interests	-	-	-	-	-	-	-	(1,214)	(1,214)
Balance at 31 May 2019	14,433	(541)	(815)	(7)	(829)	7,631	19,872	410	20,282
Balance at 1 March 2019	14,433	(429)	(815)	(7)	-	7,127	20,309	473	20,782
Profit for the financial period	-	-	-	-	-	504	504	431	935
Total comprehensive income for the financial period	-	-	-	-	-	504	504	431	935
Contributions by and distributions to owners									
Purchase of treasury shares	-	(112)	-	-	-	-	(112)	-	(112)
Present value of forward purchase contract	-	-	-	-	(829)	-	(829)	-	(829)
Total transactions with owners	-	(112)	-	-	(829)	-	(941)	-	(941)
Transactions with non-controlling interests									
Dividends	-	-	-	-	-	-	-	(494)	(494)
Total transactions with non-controlling interests	-	-	-	-	-	-	-	(494)	(494)
Balance at 31 May 2019	14,433	(541)	(815)	(7)	(829)	7,631	19,872	410	20,282

**Group
(Audited)**

	Share capital S\$'000	Treasury shares S\$'000	Merger reserve S\$'000	Capital 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 year	-	-	-	-	-	4,464	4,464	1,050	5,514
Total comprehensive income for the financial year	-	-	-	-	-	4,464	4,464	1,050	5,514
Contributions by and distributions to owners									
Issue of shares	1,419	-	-	-	-	-	1,419	-	1,419
Purchase of treasury shares	-	(321)	-	-	-	-	(321)	-	(321)
Dividends	-	-	-	-	-	(2,688)	(2,688)	-	(2,688)
Total transactions with owners	1,419	(321)	-	-	-	(2,688)	(1,590)	-	(1,590)
Transactions with non-controlling interests									
Acquisition of subsidiaries	-	-	-	-	-	-	-	66	66
Dividends	-	-	-	-	-	-	-	(807)	(807)
Total transactions with non-controlling interests	-	-	-	-	-	-	-	(741)	(741)
Balance at 31 May 2018	14,433	(321)	(815)	-	-	3,407	16,704	404	17,108

(Unaudited)

	Share capital S\$'000	Treasury shares S\$'000	Merger reserve S\$'000	Capital 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 March 2018	14,433	(321)	(815)	-	-	2,302	15,599	388	15,987
Profit for the financial period	-	-	-	-	-	1,105	1,105	379	1,484
Total comprehensive income for the financial period	-	-	-	-	-	1,105	1,105	379	1,484
Transactions with non-controlling interests									
Acquisition of subsidiaries	-	-	-	-	-	-	-	(77)	(77)
Dividends	-	-	-	-	-	-	-	(286)	(286)
Total transactions with non-controlling interests	-	-	-	-	-	-	-	(363)	(363)
Balance at 31 May 2018	14,433	(321)	(815)	-	-	3,407	16,704	404	17,108

**Statement of Changes in Equity
Company**

(Unaudited)	Share capital S\$'000	Treasury shares S\$'000	Capital 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 year	-	-	-	7,112	7,112
Total comprehensive income for the financial year	-	-	-	7,112	7,112
Contributions by and distributions to owners					
Acquisition of a subsidiary	-	206	(7)	-	199
Purchase of treasury shares	-	(426)	-	-	(426)
Dividends	-	-	-	(2,982)	(2,982)
Total transactions with owners	-	(220)	(7)	(2,982)	(3,209)
Balance at 31 May 2019	<u>14,433</u>	<u>(541)</u>	<u>(7)</u>	<u>6,804</u>	<u>20,689</u>
Balance at 1 March 2019	14,433	(429)	(7)	6,370	20,367
Profit for the financial period	-	-	-	434	434
Total comprehensive income for the financial period	-	-	-	434	434
Contributions by and distributions to owners					
Purchase of treasury shares	-	(112)	-	-	(112)
Total transactions with owners	-	(112)	-	-	(112)
Balance at 31 May 2019	<u>14,433</u>	<u>(541)</u>	<u>(7)</u>	<u>6,804</u>	<u>20,689</u>
(Audited)	Share capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
Balance at 1 June 2017	13,014	-	-	1,489	14,503
Profit for the financial year	-	-	-	3,873	3,873
Total comprehensive income for the financial year	-	-	-	3,873	3,873
Contributions by and distributions to owners					
Issue of shares	1,419	-	-	-	1,419
Purchase of treasury shares	-	(321)	-	-	(321)
Dividends	-	-	-	(2,688)	(2,688)
Total transactions with owners	1,419	(321)	-	(2,688)	(1,590)
Balance at 31 May 2018	<u>14,433</u>	<u>(321)</u>	<u>-</u>	<u>2,674</u>	<u>16,786</u>
Balance at 1 March 2018	14,433	(321)	-	807	14,919
Profit for the financial period	-	-	-	1,867	1,867
Total comprehensive income for the financial period	-	-	-	1,867	1,867
Balance at 31 May 2018	<u>14,433</u>	<u>(321)</u>	<u>-</u>	<u>2,674</u>	<u>16,786</u>

- 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 31 May 2019 comprised 148,805,730 (28 February 2019: 148,995,730) ordinary shares. The Company performed a share buy-back of 190,000 ordinary shares which were kept as treasury shares during 4QFY2019.

Outstanding Convertibles

The Company did not have any convertible instruments as at 31 May 2019 and 31 May 2018.

Treasury Shares

There were 829,900 treasury shares (representing 0.56% of the Company’s 148,805,730 ordinary shares (excluding treasury shares)) as at 31 May 2019 and 459,900 treasury shares (representing 0.31% of the Company’s 149,175,730 ordinary shares (excluding treasury shares)) as at 31 May 2018.

Subsidiary Holdings

There were no subsidiary holdings as at 31 May 2019 and 31 May 2018.

- 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 31 May 2019	As at 31 May 2018
Total number of issued shares excluding treasury shares	148,805,730	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.**

In FY2019, the Company had transferred 300,000 treasury shares during the first quarter ended 31 August 2018 to Dr. Jason Lim as satisfaction of the consideration shares in connection to the acquisition of 51.0% of the entire issued share capital in Jason Lim Endoscopy and Surgery Pte. Ltd. (“JLES”). Save for the abovementioned, there were no other sales, transfers, cancellation and/or use of treasury shares 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 and the Company have 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 ended 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 and the Company have adopted SFRS(I) 9 Financial Instruments and SFRS(I) 15 Revenue from Contracts with Customers that are relevant to the Group's and the Company'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			
	Fourth Quarter Ended		Twelve Months Ended	
	31-May-19 (Unaudited)	31-May-18 (Unaudited)	31-May-19 (Unaudited)	31-May-18 (Audited)
Profit attributable to owners of the parent (S\$)	504,000	1,105,000	7,206,000	4,464,000
Weighted average number of ordinary shares in issue	149,249,317 ⁽¹⁾	149,175,730	149,041,566 ⁽²⁾	149,204,798 ⁽³⁾
Basic EPS (cents per share)	0.34	0.74	4.83	2.99
Fully diluted EPS (cents per share) ⁽⁴⁾	0.34	0.74	4.83	2.99

Notes:-

- (1) The weighted average number of ordinary shares in issue for the fourth quarter ended 31 May 2019 ("4QFY2019") was computed based on 149,249,317 ordinary shares adjusted for purchase of 190,000 treasury shares in April 2019.

- (2) The weighted average number of ordinary shares in issue for the twelve months ended 31 May 2019 ("12MFY2019") was computed based on 149,041,566 ordinary shares, adjusted for (i) purchase of 670,000 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 JLES.

Items (i) were purchased on 23 July 2018 comprising 300,000 treasury shares, 7 December 2018 comprising 180,000 treasury shares, 10 April 2019 comprising 100,000 treasury shares, and 11 April 2019 comprising 90,000 treasury shares; and (ii) was transferred to Dr. Jason Lim on 17 August 2018.

- (3) The weighted average number of ordinary shares in issue for the twelve months ended 31 May 2018 ("12MFY2018") was computed based on 149,204,798 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 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 November 2017.

- (4) EPS on a fully diluted basis for the fourth quarter and twelve months ended 31 May 2019 and the fourth quarter and twelve months ended 31 May 2018 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	
	31-May-19 (Unaudited)	31-May-18 (Audited)	31-May-19 (Unaudited)	31-May-18 (Audited)
NAV (S\$)	19,872,000	16,704,000	20,689,000	16,786,000
Number of ordinary shares in issue (excluding treasury shares)	148,805,730	149,175,730	148,805,730	149,175,730
NAV per ordinary share (S\$ cents)	13.35	11.20	13.90	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 financial year ended 31 May 2019 ("FY2019") as compared to the year ended 31 May 2018 ("FY2018").

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Revenue

The Group recorded an increase of S\$2,296,000 or approximately 14.3% in revenue for FY2019 as compared to FY2018. The increase was mainly due to increased revenue contributions from:-

- (i) new subsidiaries acquired during the current financial year, which included 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.

Other items of income

Other income increased by S\$490,000 mainly due to (a) dividend income from investment in financial assets at fair value through profit or loss ("FVTPL") of S\$253,000; and (b) gain from sale of X-ray business for MST of S\$120,000.

Fair value gain on financial assets at FVTPL of S\$2,820,000 in FY2019 (FY2018: NIL) arose due to (a) recognition of financial assets at FVTPL following a de-recognition of investment in an associate in December 2018, which resulted from the loss of significant influences in an associate; and (b) fair value movement for financial assets at FVTPL as at 31 May 2019.

Gain arising from deemed disposal in associates of S\$128,000 was related to the dilution in the Company's shareholding in Medinex resulting mainly from Medinex's IPO share placement and re-measurement of previously held equity interest in MST upon the acquisition of additional 50% equity interest in September 2018 (FY2018: NIL).

Gain on disposal of investment in an associate of S\$366,000 was related to the disposal of 4 million Medinex shares held by the Company in connection with Medinex's IPO share placement (FY2018: NIL).

Employee benefits expense

Employee benefits expense increased by S\$815,000 or approximately 14.4% for FY2019 as compared to FY2018 due to increased headcount from existing as well as new subsidiaries acquired during the current financial year, and higher accrual of bonus for the Group's existing staff.

Other expenses

Other expenses increased by S\$982,000 or approximately 48.3% for FY2019 as compared to FY2018 mainly due to (a) fair value loss on derivative financial instruments of S\$549,000; and (b) allowance for impairment loss on goodwill of S\$415,000 (FY2018: NIL).

Share of results of an associate, net of tax

Share of profits of an associate, net of tax, decreased by S\$613,000 in FY2019 as compared to FY2018, due to Medinex incurring one-off IPO expenses in December 2018, and ceased to be an associate of the Company after Medinex's IPO.

Profit before income tax

As a result of the abovementioned, profit before income tax increased by S\$3,377,000 or approximately 55.7% from S\$6,067,000 in FY2018 to S\$9,444,000 in FY2019.

Income tax expense

Income tax expense increased by S\$465,000 or approximately 84.1% in FY2019 due to (i) lower tax exemption and no corporate tax rebates (FY2018: 20% rebates capped at S\$10,000) compared to the corresponding period in the previous financial year; (ii) use of group relief in FY2018; and (iii) higher profits recorded in FY2019.

Profit after income tax

As a result of the abovementioned, profit after income tax increased by S\$2,912,000 or approximately 52.8% from S\$5,514,000 in FY2018 to S\$8,426,000 in FY2019.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 31 May 2019 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 S\$1,172,000 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. This was partially offset against allowance for impairment loss on goodwill for subsidiary of S\$415,000.

The decrease in investments in associates, 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) a reclassification in line with the adoption of SFRS(I)s; (b) reclassification of investment in Medinex from investments in associates to financial assets at FVTPL, upon Medinex's IPO in December 2018; and (c) fair value gain on financial assets at FVTPL subsequent to the reclassification.

Other receivables increased by S\$536,000 mainly due to an interest-free loan to Zenmedic Capital Pte. Ltd. ("Zenmedic") for the purpose of funding the investment in Nuffield Dental Holdings Private Limited.

Current assets

Trade and other receivables increased by S\$440,000 mainly due to increased trade receivables outstanding from patients in line with increased revenue.

Equity

Other reserve of S\$829,000 arose primarily due to recognition of financial liability for forward purchase contract of a subsidiary.

Non-current liabilities

The increase in derivative financial instruments was mainly due to fair value re-measurement in FY2019.

Other financial liabilities comprise present value of forward purchase contracts of subsidiaries relating to certain contractual payment obligations due under the acquisition terms for the relevant subsidiaries. The increase was primarily due to recognition of financial liability in FY2019.

Current liabilities

Trade and other payables increased by S\$657,000 mainly due to increase in trade payables in line with increased revenue; and higher accrual of expenses incurred by existing as well as new subsidiaries acquired during the current financial year.

Bank borrowings decreased by S\$1,750,000 due to repayments of short-term loans for working capital purpose, drawn down during the previous financial year.

CONSOLIDATED STATEMENT OF CASH FLOWS

Net Cash from Operating Activities

The Group recorded net cash from operating activities of S\$6,791,000 in FY2019 as compared to S\$6,127,000 in FY2018 due to higher operating receipts.

Net Cash used in Investing Activities

The Group recorded net cash used in investing activities of S\$290,000 in FY2019 as compared to S\$8,391,000 in FY2018. In FY2019, net cash used in investing activities related to the loans to Zenmedic of S\$625,000; payment for acquisition of subsidiaries of S\$591,000; and purchase of plant and equipment of S\$295,000. This was partially offset against proceeds from sale of Medinex shares of S\$1,000,000 and dividend income from investment in Medinex of S\$253,000.

Net Cash used in Financing Activities

The Group recorded net cash used in financing activities of S\$6,462,000 in FY2019, which was related to the payment of FY2018 final dividends of S\$1,492,000 and FY2019 interim dividends of S\$1,490,000 to shareholders; dividends paid to non-controlling interests of S\$1,248,000; share buy-backs of S\$426,000; and repayments of bank borrowings of S\$1,750,000.

Overall, the Group recorded a net increase in cash and cash equivalents of S\$39,000 in FY2019.

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.

The slow momentum of the economy in Singapore and the region may continue to have a dampening effect on the healthcare industry in general.

During FY2019, the Group was appointed by AIA as its exclusive screening service provider for colorectal cancer, with an initial term of 3 years effective from 1 April 2019. With the acquisition of 25% stake in Medistar Services Pte. Ltd. ("Medistar"), the Group is in the process of opening an endoscopy centre within The Ming Clinic. Together with another new endoscopy centre which is expected to be opened at Ang Mo Kio, this will increase our total number of endoscopy centres across Singapore to 11.

The Group will continue to look for opportunities and suitable partners in our expansion plans. The Company may also enter into fundraising agreements with potential strategic partners for the purposes of financing suitable business expansion opportunities as and when they arise.

11. Dividend

If a decision regarding dividend has been made: -

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

Yes.

The following interim dividend was declared for the 6 months ended 30 November 2018 and paid on 29 January 2019.

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

The Directors are recommending a final dividend for FY2019 which will be subject to shareholders' approval at the forthcoming annual general meeting to be held in September 2019.

Name of Dividend	Proposed Final
Dividend Type	Ordinary
Dividend Amount per Share (in S\$ cents)	1.2 cents per ordinary share (one tier tax exempt)
Tax Rate	Tax Exempt

If approved, the final dividend of 1.2 cents per share including the interim dividend of 1.0 cents per share paid on 29 January 2019 would bring the total dividends for the financial year ended 31 May 2019 to 2.2 cents per share.

- (b) Previous corresponding period (cents)

Yes.

Name of Dividend	Interim
Dividend Type	Ordinary
Dividend Amount per Share (in S\$ cents)	1.1 cents per ordinary share (one tier tax exempt)
Tax Rate	Tax Exempt

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

- (c) The date the dividend is payable.

The Directors are pleased to recommend a final dividend of 1.2 cents per ordinary share amounting approximately to S\$1,786,000 in respect of the financial year ended 31 May 2019 for approval by the shareholders at the next Annual General Meeting to be convened on 26 September 2019.

The date of payment of the proposed final dividend, if approved at the Annual General Meeting, will be announced at a later date.

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

The books closure date will be announced at a later date.

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

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 S\$100,000 and above entered into in FY2019.

14. Use of IPO Proceeds

The Company refers to the net cash proceeds amounting to S\$6.18 million (excluding listing expenses of approximately S\$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 IPO net proceeds have been fully utilised as follows:

<u>Use of IPO net proceeds</u>	<u>Amount allocated</u> <u>(S\$'000)</u>	<u>Amount allocated after Reallocation</u> <u>(S\$'000)</u>	<u>Amount utilised</u> <u>(S\$'000)</u>	<u>Balance</u> <u>(S\$'000)</u>
Expand business operations locally and regionally	2,800	5,075 ⁽¹⁾⁽²⁾	(5,075) ⁽³⁾	-
Expand surgical facilities	1,200	125 ⁽²⁾	(125) ⁽⁴⁾	-
Working capital	2,180	980 ⁽¹⁾	(980) ⁽⁵⁾	-
Total	6,180	6,180	(6,180)	-

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, S\$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.

An additional S\$275,000 of the IPO net proceeds initially allocated for the Group's expansion of surgical facilities were reallocated to expand the Group's business operations locally and regionally, for the proposed acquisition of 25% of the equity interest in Medistar. Please refer to the Company's announcement on 31 May 2019 for further details.

- (3) Utilised for the following:-
 - (a) investment in joint venture, HSN Healthcare Pte. Ltd. – S\$800,000;
 - (b) acquisition of Julian Ong Endoscopy & Surgery Pte. Ltd. – S\$1,569,100;
 - (c) acquisition of MLCS – S\$790,160;
 - (d) acquisition of HMC Medical Pte. Ltd. – S\$673,000;
 - (e) acquisition of JLES – S\$628,000;
 - (f) acquisition of additional 50% stake in MST – S\$135,000; and
 - (g) acquisition of Medistar – S\$480,000.
- (4) Utilised for the following:-
 - (a) purchase of medical equipment and consumables for HC and Island Family Pte. Ltd. – S\$112,000; and
 - (b) purchase of medical equipment – S\$13,000.
- (5) Utilised for payments primarily related to professional fees (S\$630,000); rental expenses (S\$105,000); and other ancillary fees such as insurance, advertising and promotion and corporate tax.

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

(a) Business segments

Not applicable, the Group has only a single business segment.

(b) Geographical segment

Not applicable, the Group has only one geographical segment.

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

Not applicable as the Group only has a single business and geographical segment. Please refer to paragraph 8 for the review of the Group's performance.

17. Breakdown of Group's revenue and profit after tax for first half year and second half year

	FY2019	FY2018	Increase/ (Decrease)
	S\$'000	S\$'000	%
(a) Sales reported for first half year	8,470	7,704	9.9
(b) Operating profit after tax before deducting minority interests reported for first half year	2,699	2,917	(7.5)
(c) Sales reported for second half year	9,848	8,318	18.4
(d) Operating profit after tax before deducting minority interest reported for second half year	5,727	2,597	120.5

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

	FY2019	FY2018
	S\$'000	S\$'000
Ordinary shares (tax exempt 1- tier)		
- Interim	1,490	1,641
- Final (Proposed)	1,786 ⁽¹⁾	1,492
Total Annual Dividend	3,276	3,133

Note:-

- (1) The proposed final ordinary dividend for the financial year 2019 is based on estimated number of shares outstanding as at 25 July 2019.

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

There is no person occupying a managerial position in the Company or any of its principal subsidiaries who is related to a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704(10).

20. 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.

BY ORDER OF THE BOARD

Dr. Heah Sieu Min
Executive Director and Chief Executive Officer
25 July 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") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST. 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.

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