



**ASIA VETS HOLDINGS LTD.**  
**(Company Registration No: 201003501R)**

**UNAUDITED FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT  
FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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**ASIA VETS HOLDINGS LIMITED**  
(Company Registration No: 201003501R)

**PART 1 – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS**

- 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.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Group		Increase / (decrease) %
	2019	2018 <sup>(1)</sup>	
	S\$'000 (Unaudited)	S\$'000 (Audited)	
Revenue	3,808	1,459	161
Cost of sales	(2,254)	(859)	162
<b>Gross profit</b>	<b>1,554</b>	<b>600</b>	<b>159</b>
Other operating income	757	146	418
Administrative expenses	(1,505)	(1,106)	36
Other expenses	-	(1,954)	(100)
Finance costs	(17)	-	N.M.
<b>Profit/(loss) before tax</b>	<b>789</b>	<b>(2,314)</b>	<b>N.M.</b>
Income tax expense	(27)	(21)	29
<b>Profit/(loss) for the year, net of tax</b>	<b>762</b>	<b>(2,335)</b>	<b>N.M.</b>
<b>Other comprehensive income for the year, net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income attributable to owners of the Company</b>	<b>762</b>	<b>(2,335)</b>	<b>N.M.</b>
<b>Earnings/(loss) per share (in S\$ cents)</b>			
Basic	0.55	(1.78)	
Fully diluted	0.54	(1.78)	

*N.M. denotes Not Meaningful*

**Note:**

- (1) The Company was deemed a cash company under Rule 1017 of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual: Rules of Catalist upon the completion of the disposal of its subsidiaries on 20 July 2016. On 13 August 2018, the Company completed the acquisition of the entire issued share capital of AVH Animal Ark Pte. Ltd. (“**AVHAA**”) (“**Acquisition**”). Following the Acquisition, the Group generated revenue through AVHAA’s veterinary business for a period of approximately 4.5 months from 13 August 2018 to 31 December 2018 for the financial year ended 31 December 2018 (“**FY2018**”).

**1(a)(ii) Notes to consolidated statement of comprehensive income**

The profit/(loss) before tax is arrived at after crediting/(charging):

	<b>Group</b>		<b>Increase / (decrease)</b>	<b>Note</b>
	<b>2019</b>	<b>2018</b>		
	S\$'000	S\$'000	%	
	(Unaudited)	(Audited)		
Interest income	191	143	34	(a)
Government grants - TEC related	4	3	33	(b)
Gain/(loss) on fair value adjustment of contingent consideration for business combination	562	(28)	N.M.	(c)
Foreign exchange gain/(loss)	-*	-*	N.M.	
Depreciation of plant and equipment	(136)	(53)	157	(d)
Depreciation of right-of-use assets	(255)	-	N.M.	(e)
Key management and employee benefits expense	(1,884)	(992)	90	(f)
Acquisition-related transaction cost	-	(1,926)	(100)	(g)
Interest expense	(17)	-	N.M.	(h)

*N.M. denotes Not Meaningful*

**Notes:**

- \* Less than S\$500.
- (a) Interest income arose mainly from short-term deposits for the financial year ended 31 December 2019 (“FY2019”) and deposits in an escrow account for FY2018. Upon completion of the Acquisition, funds in the escrow account were released to the Company’s non-escrow accounts. The increase in interest income was mainly attributable to higher interest rate for short-term bank deposits in FY2019 as compared to deposits in the escrow account in FY2018.
- (b) Government grants which were received under the Wage Credit Scheme and Special Employment Credit Scheme increased slightly in FY2019 as compared to FY2018.
- (c) Gain/(loss) on fair value adjustment of contingent consideration for business combination was due to reassessment of the fair value of the deferred consideration relating to the Acquisition. Please refer to the section entitled “Non-Current Liabilities” on page 12 of this announcement for more information.
- (d) Depreciation of plant and equipment relates to plant and equipment in AVHAA. The increase was due to the absence of depreciation charges for the first 7.5 months of FY2018 as there were no business operations before the completion of the Acquisition.
- (e) Depreciation of right-of-use (“ROU”) assets was due to the adoption of SFRS(I) 16 by the Group in FY2019.
- (f) Increase in key management and employee benefits expense was mainly due to the increased headcount of the Group as a result of the completion of the Acquisition.
- (g) Acquisition-related transaction cost for FY2018 was in connection with the Acquisition.
- (h) Interest expense for FY2019 relates to interest expenses on lease liabilities arising from ROU assets as a result of the Group’s adoption of SFRS(I) 16 in FY2019.

**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.**

**STATEMENT OF FINANCIAL POSITION**

	Group		Company	
	As at		As at	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	S\$'000	S\$'000	S\$'000	S\$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<b>Non-current assets</b>				
Investment in subsidiary	-	-	3,586	3,586
Plant and equipment	303	436	-	-
Right-of-use assets	325	-	-	-
Goodwill	8,405	8,405	-	-
Amount due from a subsidiary	-	-	5,576	5,681
	<u>9,033</u>	<u>8,841</u>	<u>9,162</u>	<u>9,267</u>
<b>Current assets</b>				
Inventories	86	104	-	-
Trade and other receivables	90	86	24	18
Prepayments	45	53	9	9
Cash and cash equivalents	12,278	11,948	11,885	11,481
	<u>12,499</u>	<u>12,191</u>	<u>11,918</u>	<u>11,508</u>
<b>Total assets</b>	<b><u>21,532</u></b>	<b><u>21,032</u></b>	<b><u>21,080</u></b>	<b><u>20,775</u></b>
<b>Current liabilities</b>				
Trade payables	74	103	-	-
Other payables and accruals	410	438	125	157
Lease liabilities arising from right-of-use assets	234	-	-	-
Provision for taxation	21	-	1	-
	<u>739</u>	<u>541</u>	<u>126</u>	<u>157</u>
<b>Net current assets</b>	<b><u>11,760</u></b>	<b><u>11,650</u></b>	<b><u>11,792</u></b>	<b><u>11,351</u></b>
<b>Non-current liabilities</b>				
Other payables	1,317	1,879	-	-
Lease liabilities arising from right-of-use assets	97	-	-	-
Deferred tax liabilities	27	21	-	-
	<u>1,441</u>	<u>1,900</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<b><u>2,180</u></b>	<b><u>2,442</u></b>	<b><u>126</u></b>	<b><u>157</u></b>
<b>Net assets</b>	<b><u>19,352</u></b>	<b><u>18,590</u></b>	<b><u>20,954</u></b>	<b><u>20,618</u></b>
Share capital	20,777	20,777	20,777	20,777
Capital reserve	228	228	228	228
Revenue reserve	(1,653)	(2,415)	(51)	(387)
<b>Total equity</b>	<b><u>19,352</u></b>	<b><u>18,590</u></b>	<b><u>20,954</u></b>	<b><u>20,618</u></b>
<b>Total equity and liabilities</b>	<b><u>21,532</u></b>	<b><u>21,032</u></b>	<b><u>21,080</u></b>	<b><u>20,775</u></b>

**1 (b)(ii) Aggregate amount of Group's borrowings and debt securities.**

The Group does not hold any borrowings and debt securities as at 31 December 2018 and 31 December 2019.

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.

**STATEMENT OF CASH FLOWS**

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	S\$'000	S\$'000
	(Unaudited)	(Audited)
<b>Cash flows from operating activities</b>		
<b>Profit/(loss) before tax</b>	789	(2,314)
Adjustments for:		
Depreciation of plant and equipment	136	53
Equity-settled share-based payments	-	1,030
Depreciation of right-of-use assets	255	-
Gain/(loss) on fair value adjustment of deferred consideration for business combination	(562)	28
Interest income	(191)	(143)
Interest expense	17	-
Unrealised exchange (gain)/loss	_(1)	_(1)
<b>Operating cash flows before working capital changes</b>	<b>445</b>	<b>(1,346)</b>
Decrease in trade and other receivables	1	233
Decrease/(increase) in inventories	18	(14)
Decrease/(increase) in prepayments	8	(50)
(Decrease)/increase in trade and other payables	(57)	90
<b>Cash generated from/(used in) operations</b>	<b>415</b>	<b>(1,087)</b>
Interest received	184	125
Income tax paid	_(1)	-
<b>Net cash flows generated from/(used in) operating activities</b>	<b>599</b>	<b>(962)</b>
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(3)	(16)
Release of restricted deposits	-	17,291
Acquisition of business assets (net of cash acquired)	-	(5,108)
<b>Net cash flows (used in)/generated from investing activities</b>	<b>(3)</b>	<b>12,167</b>
<b>Cash flows from financing activities</b>		
Repayment of lease liabilities	(266)	-
Proceeds from issuance of bonus issue warrants	-	1
Share issuance expense	-	(4)
Bonus issue warrants issuance expense	-	(2)
<b>Net cash flows used in financing activities</b>	<b>(266)</b>	<b>(5)</b>
Net increase in cash and cash equivalents	330	11,200
Cash and cash equivalents at beginning of the year	11,948	748
<b>Cash and cash equivalents at end of the year</b>	<b>12,278</b>	<b>11,948</b>

**Note:**

(1) Between S\$500 and (S\$500).

**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.**

Group	Share Capital	Revenue Reserves	Capital Reserves	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance at 1 January 2019 (audited)	20,777	(2,415)	228	18,590
Profit for the year, representing total comprehensive income for the year	-	762	-	762
Total comprehensive income for the year	-	762	-	762
Closing balance at 31 December 2019 (unaudited)	20,777	(1,653)	228	19,352
Opening balance at 1 January 2018 (audited)	17,971	(80)	-	17,891
Loss for the year, representing total comprehensive income for the year	-	(2,335)	-	(2,335)
Total comprehensive income for the year	-	(2,335)	-	(2,335)
<u>Contributions by and distributions to owners</u>				
Issuance of new ordinary shares <sup>(1)</sup>	2,810	-	-	2,810
Share issuance expenses <sup>(1)</sup>	(4)	-	-	(4)
Issuance of bonus issue warrants <sup>(2)</sup>	-	-	229	229
Bonus issue warrant subscription fee <sup>(2)</sup>	-	-	1	1
Bonus issue warrant issuance expenses <sup>(2)</sup>	-	-	(2)	(2)
Total transactions with owners in their capacity as owners	2,806	-	228	3,034
Closing balance at 31 December 2018 (audited)	20,777	(2,415)	228	18,590

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. (Cont'd)

Company	Share Capital S\$'000	Revenue Reserves S\$'000	Capital Reserves S\$'000	Total Equity S\$'000
Opening balance at 1 January 2019 (audited)	20,777	(387)	228	20,618
Profit for the year, representing total comprehensive income for the year	-	336	-	336
Total comprehensive income for the year	-	336	-	336
Closing balance at 31 December 2019 (unaudited)	20,777	(51)	228	20,954
Opening balance at 1 January 2018 (audited)	17,971	(80)	-	17,891
Loss for the year, representing total comprehensive income for the year	-	(307)	-	(307)
Total comprehensive income for the year	-	(307)	-	(307)
<u>Contributions by and distributions to owners</u>				
Issuance of new ordinary shares <sup>(1)</sup>	2,810	-	-	2,810
Share issuance expenses <sup>(1)</sup>	(4)	-	-	(4)
Issuance of bonus issue warrants <sup>(2)</sup>	-	-	229	229
Bonus issue warrant subscription fee <sup>(2)</sup>	-	-	1	1
Bonus issue warrant issuance expenses <sup>(2)</sup>	-	-	(2)	(2)
Total transactions with owners in their capacity as owners	2,806	-	228	3,034
Closing balance at 31 December 2018 (audited)	20,777	(387)	228	20,618

**Notes:**

- (1) On completion of the Acquisition on 13 August 2018, the Company issued the following: (i) a total of 8,928,000 new ordinary shares of the Company ("**Shares**") at the issue price of S\$0.250 per Share ("**Actual Issue Price**") to the vendors of AVHAA ("**Consideration Shares**"); (ii) a total of 2,960,000 Shares at the Actual Issue Price to Tiger Equities Pte. Ltd. ("**Tiger Equities**") and its nominees as well and the financial adviser pursuant to the Finders' Fee and Consultancy Agreement relating to the Acquisition ("**Arranger Shares**"); and (iii) a total of 600,000 Shares at the Actual Issue Price to the financial adviser being consideration for the services provided relating to the Acquisition ("**Financial Adviser Shares**"). The Consideration Shares, the Arranger Shares and the Financial Adviser Shares are collectively known as the "**New Shares**".

In accordance with FRS 113, for purpose of financial reporting, the New Shares were fair valued at the last transacted market price of the Shares of S\$0.225 per Share.

**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. (Cont'd)**

(2) A total of 5,300,000 new bonus issue warrants of the Company at an issue price of S\$0.0001 per bonus issue warrant were issued to Tiger Equities and its nominees upon completion of the Acquisition ("**Bonus Issue Warrants**"). Each Bonus Issue Warrant carries the right to subscribe for one new share of the Company at an exercise price of S\$0.25 and will expire on 30 June 2020. The value ascribed to the Bonus Issue Warrants is credited as a reserve in equity under capital reserve and an appropriate amount will be transferred to the share capital account as and when the Bonus Issue Warrants are exercised.

Save for the foregoing, there are no other (i) changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders.

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There was no movement in the Company's share capital since the end of the previous financial year.

On 13 August 2018, a total of 5,300,000 Bonus Issue Warrants were issued to Tiger Equities and its nominees upon completion of the Acquisition. Each Bonus Issue Warrant carries the right to subscribe for one new share of the Company at an exercise price of S\$0.25 and will expire on 30 June 2020. As at 31 December 2019, no Bonus Issue Warrant was exercised. Save for the above regarding the Bonus Issue Warrants, the Company has no shares that may be issued on conversion of outstanding convertibles as at the end of the current financial year reported on and as at the end of the corresponding period of the immediately preceding financial year.

The Company has neither treasury shares nor subsidiary holdings as at the end of the current financial year reported on and as at the end of the corresponding period of the immediately preceding financial year.

**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.**

	<b>As at 31/12/2019</b>	<b>As at 31/12/2018</b>
Total number of issued shares	138,928,002	138,928,002
Treasury shares	Nil	Nil

**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 independent auditor.

**3 Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).**

Not applicable.

**3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—**

**(a) Updates on the efforts taken to resolve each outstanding audit issue.**

**(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

**This is not required for any audit issue that is a material uncertainty relating to going concern.**

Not applicable. The Group's latest audited financial statements for the financial year ended 31 December 2018 are not subject to an adverse opinion, qualified opinion or disclaimer of opinion issued by the 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 under item 5 below, the Group has applied the same accounting policies and methods of computation in the unaudited financial statements for FY2019 as in the Group's most recent audited financial statements for the financial year ended 31 December 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 not adopted any other mandatory standards, amendments and interpretations to existing standards that have been published but are only effective for the Group's accounting periods beginning or after 1 January 2019 except for SFRS(I) 16 Leases as disclosed below.

SFRS(I) 16 Leases ("SFRS(I) 16")

The Group has adopted SFRS(I) 16 on its effective date, being 1 January 2019 using the modified retrospective method. Under SFRS(I) 16, Right-of-use assets and lease liabilities are recognised for its leases previously classified as operating leases.

On the adoption of SFRS(I) 16, the Group has chosen on a lease-by-lease basis to measure the right-of-use asset at its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019.

In addition, the Group elected the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.

On adoption of SFRS(I) 16, the Group has recorded right-of-use assets and lease liabilities for its leases previously classified as operating leases.

**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.**

**Earnings/(loss) per share (“EPS/LPS”)**

	<b>Group</b>	
	<b>31/12/2019</b> (Unaudited)	<b>31/12/2018</b> (Audited)
Profit/(loss) attributable to owners of the Company (S\$'000)	762	(2,335)
Basic profit/(loss) per share attributable to owners of the Company (S\$ cents)	0.55	(1.78)
Fully diluted profit/(loss) per share (S\$ cents)	0.54	(1.78)
Weighted average number of ordinary shares in issue:		
- basic	138,928,002	131,264,134
- diluted	142,083,158	134,636,356

Basic EPS/LPS was computed by dividing profit or loss attributable to owners of the Company for the respective financial periods by the weighted average number of ordinary shares outstanding as at the end of the respective financial periods.

For computation of fully diluted EPS/LPS, the weighted average number of ordinary shares in issue has been adjusted for any dilutive effect of potential ordinary shares arising from the settlement of contingent liabilities.

**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.**

**Net Asset Value (“NAV”)**

	<b>Group</b>		<b>Company</b>	
	<b>31/12/2019</b> (Unaudited)	<b>31/12/2018</b> (Audited)	<b>31/12/2019</b> (Unaudited)	<b>31/12/2018</b> (Audited)
NAV per ordinary share (S\$ cents)	13.93	13.38	15.08	14.84
Number of shares used in computation of NAV per share	138,928,002	138,928,002	138,928,002	138,928,002

8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**(a) Statement of Comprehensive Income**

The Group had no business operations before 13 August 2018 when the Company acquired the entire issued share capital of AVHAA, which is in the business of providing veterinary services in Singapore. Therefore revenue, cost of sales, and the subsidiary-related other operating expenses for FY2018 will only consist of approximately 4.5 months results from 13 August 2018 to 31 December 2018. The comparison between FY2019 and FY2018 may not be meaningful.

**Revenue, Cost of sales and Gross profit**

The Group's revenue for FY2019 was approximately S\$3.8 million, which was predominantly derived from rendering of veterinary services and sales of veterinary medicine. The revenue for FY2018 was approximately S\$1.5 million.

The Group's cost of sales for FY2019 was approximately S\$2.3 million, which includes purchase of veterinary medicine and consumables, and employee benefits paid to veterinarians, vet technicians and vet nurses. The cost of sales for FY2018 was approximately S\$0.9 million.

Gross profit for FY2019 was approximately S\$1.6 million and gross profit margin was 41%, which remained relatively consistent with FY2018.

**Other operating income**

Other operating income comprised mainly:

- i) gain on fair value adjustment on contingent consideration of business combination (S\$562,000 for FY2019 and nil for FY2018);
- ii) interest income earned from the Company's escrow account (for FY2018 only) and short-term deposits; and
- iii) government grant.

Other operating income increased from S\$146,000 for FY2018 to S\$757,000 for FY2019. The increase was mainly due to items i) and ii) above. Please refer to 1(a)(ii)(a) – (c) for details.

**Administrative expenses**

Administrative expenses mainly relate to general office expenses, administrative staff costs, professional fee, listing expenses and depreciation charges. It increased from S\$1.1 million for FY2018 to S\$1.5 million for FY2019. The increase was mainly due to absence of operating expenses relating to AVHAA before the completion of the Acquisition for FY2018. Please refer to 1(a)(ii)(d) – (f) for details.

**Other expenses**

Other expenses for FY2018 were the acquisition-related transaction cost and loss on fair value adjustment of contingent consideration in connection with the Acquisition. Please refer to 1(a)(ii)(c) and (g) for details.

**Finance costs**

Finance costs for FY2019 were related to the repaid lease liabilities arising from the ROU assets.

**Income tax expense**

Income tax expense for FY2019 comprised current income tax expense and the deferred taxation in relation to a taxable temporary difference on plant and equipment which are subject to capital allowance. There was no current tax expense for FY2018. Income tax expense increased from S\$21,000 for FY2018 to S\$27,000 for FY2019. The increase was mainly due to the increase in chargeable income.

## **Profit/(loss), net of tax**

As a result of the above, the Group turned from a loss after tax of S\$2.3 million for FY2018 to a profit after tax of S\$0.8 million for FY2019.

## **(b) Statement of Financial Position**

### **Non-current Assets**

Plant and equipment comprised veterinary and medical equipment, office equipment, computer and software and furniture and fixtures. It decreased from S\$436,000 as at 31 December 2018 to S\$303,000 as at 31 December 2019, mainly due to depreciation charges in FY2019.

Right-of-use assets, amounting to S\$325,000 as at 31 December 2019, relate to leases of premises occupied by the Group's clinics and office. There were no ROU assets as at 31 December 2018 as SFRS(I) 16 was adopted on 1 January 2019.

Goodwill pertains to the Acquisition of AVHAA.

### **Current Assets**

Inventories, which mainly comprised veterinary medicine, clinic consumables and pet food, decreased from S\$104,000 as at 31 December 2018 to S\$86,000 as at 31 December 2019. The decrease was due to higher inventory turnover.

Trade and other receivables remained relatively stable, at S\$86,000 as at 31 December 2018 and S\$90,000 as at 31 December 2019.

Prepayments remained relatively stable, at S\$53,000 as at 31 December 2018 and S\$45,000 as at 31 December 2019.

### **Current Liabilities**

Trade payables decreased from S\$103,000 as at 31 December 2018, to S\$74,000 as at 31 December 2019, due to the shortened payment cycle to suppliers in FY2019.

Other payables and accruals comprised mainly professional fee, director fee, staff bonus and goods and services tax ("GST") which are to be paid after 31 December 2019. It decreased from S\$438,000 as at 31 December 2018 to S\$410,000 as at 31 December 2019, mainly due to payment of accruals due in FY2019.

Lease liabilities arising from ROU assets (current portion) relate to leases of premises occupied by the Group's clinics and office due within the next 12 months after 31 December 2019. There were no ROU assets as at 31 December 2018, thus no lease liabilities as at 31 December 2018 as SFRS(I) 16 was adopted on 1 January 2019.

Provision for taxation, amounting to S\$21,000 as at 31 December 2019, relate to the estimated income tax expenses incurred for FY2019.

### **Non-Current Liabilities**

Other payables (non-current portion) relate to deferred consideration payable to the vendors for the Acquisition, which will be due in 30 months from 13 August 2018, being the completion date of the Acquisition. Information regarding the deferred consideration is disclosed in the Company's circular to shareholders dated 29 June 2018 (the "Circular"). It decreased by S\$562,000 due to a fair value adjustment in FY2019.

Lease liabilities arising from ROU assets (non-current portion), amounting to S\$97,000 as at 31 December 2019, relate to leases of premises occupied by the Group's clinics and office due after the next 12 months after 31 December 2019. There were no ROU assets as at 31 December 2018, thus no lease liabilities as at 31 December 2018 as SFRS(I) 16 was adopted on 1 January 2019.

Deferred tax liabilities relate to a taxable temporary difference on plant and equipment which are subject to capital allowance. It increased from S\$21,000 as at 31 December 2018 to S\$27,000 as at 31 December 2019.

## Working Capital

The Group reported a positive working capital position of S\$11.8 million as at 31 December 2019 (S\$11.7 million as at 31 December 2018).

### (c) Statement of Cash Flows

Net cash generated from operating activities amounted to S\$599,000 for FY2019, as compared to a cash outflow of S\$962,000 for FY2018. The net cash generated from operating activities was mainly due to (i) the operating cash flows before working capital movement generated for FY2019 of S\$445,000; (ii) a decrease in inventories, trade and other receivables as well as prepayments of S\$27,000; and (iii) interest received of S\$184,000. The increase was partially offset by a decrease in trade and other payables of S\$57,000.

Net cash used in investing activities for FY2019 amounted to S\$3,000 due to the purchase of plant and equipment for clinic's use.

Net cash used in financing activities for FY2019, amounting to S\$266,000, related to the repayment of lease liabilities.

As a result of the above, the Group's cash and cash equivalents increased from S\$11.9 million as at 31 December 2018 to S\$12.3 million as at 31 December 2019.

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

No forecast or prospect statement was previously disclosed to shareholders.

**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.**

Despite global economic uncertainty, continuous trade tensions and the current COVID-19 situation, the veterinary sector continues to be resilient and stable.

The Company will continue to look out for opportunities to acquire related businesses or veterinary clinics, both in Singapore and overseas to expand its business scope and collaborate with industry players to expand its customers base.

**11 Dividend**

**(a) *Current financial period reported on***  
**Any dividend declared for the current financial period reported on?**

None.

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

None.

**(c) *Date payable***

Not applicable.

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

Not applicable.

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

No dividend has been declared (recommended) for FY2019 as the board of directors of the Company deems it appropriate to conserve cash for the Group's business activities and growth.

**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 Group has not obtained a general mandate from shareholders for IPTs and there were no IPTs entered into in FY2019.

**14 Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)**

The Company hereby confirms that it has procured undertakings from all its Directors and Executive Officers in accordance with Rule 720(1) of the Catalist Rules.

**Part II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

**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 immediate preceding year.**

Not applicable as the Group has a single operating segment in Singapore.

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

Not applicable as the Group has a single operating segment in Singapore.

**17 A breakdown of sales as follows:**

		Group		
		2019	2018	Increase/ (Decrease)
		S\$'000	S\$'000	%
		(Unaudited)	(Audited)	
(a)	Sales reported for first half year	1,853	- <sup>(1)</sup>	N.M.
(b)	Operating profit/(loss) after tax before deducting non-controlling interests reported for first half year	115	(800)	N.M.
(c)	Sales reported for second half year	1,955	1,459	34
(d)	Operating profit/(loss) after tax before deducting non-controlling interests reported for second half year	647	(1,535)	N.M.

*N.M. denotes Not Meaningful*

Note (1): There was no revenue for the first half year of 2018 as the Company had no business operations for that period.

**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 as no dividend was declared or paid by the Company for its latest and previous full financial years.

- 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 was no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

**BY ORDER OF THE BOARD**

Tan Tong Guan  
Executive Chairman & CEO  
19 February 2020