



**ISEC Healthcare Ltd.
and its subsidiaries**
(Company Registration No.201400185H)

Condensed Interim Financial Statements
For the six months ended 30 June 2021

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A. Condensed Interim Consolidated Statements of Profit or Loss and Other Comprehensive Income

		Group			Voluntary Disclosure		
		6 Months Ended			Group		
					3 Months Ended		
Note		30 June	30 June	Change	30 June	30 June	Change
		2021	2020		2021	2020	
		(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	4	19,033	15,038	27%	9,966	5,773	73%
Cost of sales		(10,570)	(8,995)	18%	(5,472)	(3,685)	48%
Gross profit		8,463	6,043	40%	4,494	2,088	NM
Other item of income							
Other income		366	652	-44%	136	454	-70%
Other items of expense							
Selling and distribution expenses		(22)	(30)	-27%	(13)	(8)	63%
Administrative expenses		(4,087)	(4,119)	-1%	(2,088)	(2,023)	3%
Other expenses		(405)	(1,269)	-68%	(130)	(1,127)	-88%
Finance costs		(212)	(170)	25%	(94)	(96)	-2%
Share of results of associate		(10)	(18)	-44%	(2)	(9)	-78%
Profit/(loss) before income tax		4,093	1,089	NM	2,303	(721)	NM
Income tax expense	6	(953)	(589)	62%	(518)	(172)	NM
Profit/(loss) for the financial period		3,140	500	NM	1,785	(893)	NM
Other comprehensive income							
<i>Items that may be reclassified subsequently to profit or loss:</i>							
Foreign currency translation of subsidiaries		(758)	(286)	NM	(182)	(554)	-67%
Other comprehensive income for the financial period, net of tax		(758)	(286)	NM	(182)	(554)	-67%
Total comprehensive income for the financial period		2,382	214	NM	1,603	(1,447)	NM
Profit/(loss) attributable to:							
Owners of the parent		3,162	635	NM	1,756	(826)	NM
Non-controlling interests		(22)	(135)	-84%	29	(67)	NM
Profit/(loss) for the financial period		3,140	500	NM	1,785	(893)	NM

A. Condensed Interim Consolidated Statements of Profit or Loss and Other Comprehensive Income (cont'd)

	Note	Group			<i>Voluntary Disclosure</i>		
		6 Months Ended			Group		
		30 June	30 June	Change	30 June	30 June	Change
		2021	2020		2021	2020	
		(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Total comprehensive income attributable to:							
Owners of the parent		2,405	350	NM	1,574	(1,379)	NM
Non-controlling interests		(23)	(136)	-83%	29	(68)	NM
Total comprehensive income for the financial period		2,382	214	NM	1,603	(1,447)	NM
Earnings per share							
- basic (in cents)	17	0.57	0.12	NM	0.32	(0.15)	NM
- diluted (in cents)	17	0.57	0.12	NM	0.32	(0.15)	NM

NM – Not meaningful

A. Condensed Interim Consolidated Statements of Profit or Loss and Other Comprehensive Income (cont'd)

Profit/(loss) before income tax is arrived after charging/(crediting) the following:

	Group			Voluntary Disclosure		
	6 Months Ended			Group		
	30 June	30 June	Change	30 June	30 June	Change
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation of plant and equipment – cost of sales	339	358	-5%	166	182	-9%
Depreciation of right-of-use assets – cost of sales	240	224	7%	124	111	12%
Depreciation of plant and equipment – administrative expenses	183	201	-9%	90	105	-14%
Depreciation of right-of-use assets – administrative expenses	554	522	6%	274	264	4%
Amortisation of intangible assets – other expenses	281	280	0%	141	140	1%
Amortisation of intangible assets – administrative expenses	15	18	-17%	6	9	-33%
Interest income	(100)	(175)	-43%	(50)	(80)	-38%
Interest income – net investment in sublease	(4)	(4)	0%	(3)	(2)	50%
Other income – government grants	(213)	(331)	-36%	(69)	(312)	-78%
Other income – rental rebate	(8)	(94)	-91%	(3)	(83)	-96%
Interest expense – lease liabilities	132	132	0%	62	67	-7%
Interest expense – loans	52	-	NM	25	-	NM
Loss/(gain) on exchange differences - net	121	53	NM	(12)	106	NM
Plant and equipment written-off	1	-	NM	1	-	NM
Allowance for/(write-back of) expected credit losses, net	1	(21)	NM	2	(15)	NM
Impairment loss for goodwill	-	934	NM	-	934	NM
Share-based compensation expenses	41	20	NM	16	20	-20%

NM – Not meaningful

B. Condensed Interim Statements of Financial Position

		Group		Company	
		30 June 2021	31 December 2020	30 June 2021	31 December 2020
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
	Note	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	9	9,468	10,141	11	13
Right-of-use assets	10	4,000	4,754	88	126
Intangible assets - goodwill	11	41,858	42,252	-	-
Intangible assets - others	11	1,892	2,171	-	-
Investment in subsidiaries		-	-	56,855	56,855
Investment in associate		159	168	-	-
Net investment of sublease	10	80	109	-	-
Deferred tax assets		63	51	7	7
		57,520	59,646	56,961	57,001
Current assets					
Inventories		1,292	1,333	-	-
Trade receivables, net ⁽¹⁾		2,914	2,337	-	-
Other receivables and deposits		622	737	12,819	12,504
Prepayments		222	247	6	12
Net investment of sublease	10	57	56	-	-
Cash and cash equivalents ⁽¹⁾		20,401	24,124	2,574	6,109
		25,508	28,834	15,399	18,625
TOTAL ASSETS		83,028	88,480	72,360	75,626
EQUITY AND LIABILITIES					
EQUITY					
Share capital	14	70,054	70,054	70,054	70,054
Treasury share reserve	15	(105)	(105)	(105)	(105)
Other reserves	16	(8,113)	(7,397)	112	71
Retained earnings		7,317	8,557	1,800	5,033
Equity attributable to owners of Company		69,153	71,109	71,861	75,053
Non-controlling interests	12	557	580	-	-
TOTAL EQUITY		69,710	71,689	71,861	75,053
LIABILITIES					
Non-current liabilities					
Provisions		162	163	20	21
Lease liabilities	10	2,902	3,610	14	55
Deferred tax liabilities		343	378	-	-
Other payables		-	558	-	-
Borrowing	13	2,663	3,141	-	-
		6,070	7,850	34	76

B. Condensed Interim Statements of Financial Position (cont'd)

	Note	Group		Company	
		30 June 2021	31 December 2020	30 June 2021	31 December 2020
		(Unaudited) S\$'000	(Audited) S\$'000	(Unaudited) S\$'000	(Audited) S\$'000
Current liabilities					
Trade payables		1,197	1,098	-	-
Other payables		1,036	2,338	211	210
Advances and contract liabilities		215	212	-	-
Accrued expenses		480	512	96	148
Payroll payable		1,212	1,423	64	41
Borrowing	13	851	866	-	-
Lease liabilities	10	1,527	1,646	80	73
Current income tax payable		730	846	14	25
		<u>7,248</u>	<u>8,941</u>	<u>465</u>	<u>497</u>
TOTAL LIABILITIES		13,318	16,791	499	573
TOTAL EQUITY AND LIABILITIES		83,028	88,480	72,360	75,626

(1) Breakdown of the following in the respective currencies:

	Group		Company	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Trade receivables, net denominated in the following currencies:				
Singapore Dollar	1,707	1,145	-	-
Ringgit Malaysia	1,189	1,190	-	-
Myanmar Kyat	18	2	-	-
	<u>2,914</u>	<u>2,337</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents denominated in the following currencies:				
Singapore Dollar	5,420	9,405	2,574	6,109
Ringgit Malaysia	14,713	14,491	-	-
Myanmar Kyat	207	31	-	-
United States Dollar	61	197	-	-
	<u>20,401</u>	<u>24,124</u>	<u>2,574</u>	<u>6,109</u>

C. Condensed Interim Consolidated Statements of Cash Flows

	Note	Group		Voluntary Disclosure	
		6 Months Ended		Group	
		30 June	30 June	30 June	30 June
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities					
Profit/(loss) before income tax		4,093	1,089	2,303	(721)
Adjustments for:					
Allowance for/(write-back of) expected credit losses, net		1	(21)	2	(15)
Amortisation of intangible assets	11	296	298	147	149
Depreciation of plant and equipment and right-of-use assets	9,10(a)	1,316	1,305	654	662
Rental rebates	10	(8)	(94)	(3)	(83)
Interest income		(104)	(179)	(53)	(82)
Interest expense		212	170	94	96
Impairment loss for goodwill		-	934	-	934
Plant and equipment written-off	9	1	-	1	-
Share-based compensation expenses		41	20	16	20
Share of results of associate		10	18	2	9
Operating cash flows before working capital changes		5,858	3,540	3,163	969
Working capital changes:					
- Inventories		6	(48)	(86)	90
- Trade and other receivables		(493)	953	(211)	827
- Prepayments		19	(9)	(1)	5
- Trade and other payables		(117)	(2,083)	570	71
Cash generated from operations		5,273	2,353	3,435	1,962
Income tax paid		(1,114)	(950)	(552)	(565)
Net cash generated from operating activities		4,159	1,403	2,883	1,397
Cash flows from investing activities					
Payment to vendors ⁽¹⁾		(1,765)	-	-	-
Purchase of property, plant and equipment	9	(236)	(682)	(138)	(24)
Purchase of intangible assets	11	(41)	(76)	(5)	(71)
Acquisition of a subsidiary, net of cash acquired		-	(2,946)	-	-
Interest received		100	175	50	80
Net cash used in investing activities		(1,942)	(3,529)	(93)	(15)

c. Condensed Interim Consolidated Statements of Cash Flows (cont'd)

	Note	Group		Voluntary Disclosure	
		6 Months Ended		Group	
		30 June	30 June	30 June	30 June
		2021	2020	2021	2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from financing activities					
Dividends paid		(4,402)	-	(4,402)	-
Subscription of shares in subsidiaries by non-controlling interests		-	234	-	-
Share issue expenses	14	-	(16)	-	-
Principal element of lease liabilities	10(e)	(833)	(683)	(382)	(259)
Interest paid – lease liabilities	10(e)	(115)	(100)	(50)	(50)
Repayment of bank loan		(423)	-	(210)	-
Interest paid – loan		(54)	-	(27)	-
Net cash used in financing activities		(5,827)	(565)	(5,071)	(309)
Net (decrease)/increase in cash and cash equivalents		(3,610)	(2,691)	(2,281)	1,073
Cash and cash equivalents at beginning of financial period		24,124	25,657	22,688	21,944
Effects of exchange rate changes on cash and cash equivalents		(113)	(57)	(6)	(108)
Cash and cash equivalents at end of financial period		20,401	22,909	20,401	22,909

- (1) The Group acquired Indah Specialist Eye Centre Sdn. Bhd. (“**Indah Specialist**”) on 27 February 2020. In the financial period ended 31 March 2021 (“**1Q2021**”), 30% of the total cash consideration, amounting to RM5,379,840 (equivalent to S\$1,765,000) was paid to the vendors as partial settlement of the total cash consideration. Upon the partial settlement, a 10% balance, or S\$558,000, remains as payable to be settled.

D. Condensed Interim Statements of Changes in Equity

Group (Unaudited)	Note	Attributable to owners of the company							Non- controlling interests	Total equity
		Share capital	Treasury share reserve	Foreign currency translation reserve	Merger reserve	Capital reserve	Share option reserve	Retained earnings		
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2021		70,054	(105)	567	(3,572)	(4,463)	71	8,557	580	71,689
Profit for the financial period		-	-	-	-	-	-	1,406	(51)	1,355
Other comprehensive income										
Foreign currency translation		-	-	(575)	-	-	-	-	(1)	(576)
Total comprehensive income for the financial period		-	-	(575)	-	-	-	1,406	(52)	779
Transaction with owners of the Company										
Share-based compensation expenses ⁽¹⁾		-	-	-	-	-	25	-	-	25
Total transaction with owners of the Company		-	-	-	-	-	25	-	-	25
At 31 March 2021		70,054	(105)	(8)	(3,572)	(4,463)	96	9,963	528	72,493

(1) The Company has granted 3,809,150 options under the ISEC Healthcare Share Option Scheme on 22 April 2020.

D. Condensed Interim Statements of Changes in Equity (cont'd)

Group (Unaudited)	Note	Attributable to owners of the company							Non- controlling interests	Total equity
		Share capital	Treasury share reserve	Foreign currency translation reserve	Merger reserve	Capital reserve	Share option reserve	Retained earnings		
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 April 2021		70,054	(105)	(8)	(3,572)	(4,463)	96	9,963	528	72,493
Profit for the financial period		-	-	-	-	-	-	1,756	29	1,785
Other comprehensive income										
Foreign currency translation		-	-	(182)	-	-	-	-	-	(182)
Total comprehensive income for the financial period		-	-	(182)	-	-	-	1,756	29	1,603
Transactions with owners of the Company										
Dividends	18	-	-	-	-	-	-	(4,402)	-	(4,402)
Share-based compensation expenses ⁽¹⁾		-	-	-	-	-	16	-	-	16
Total transactions with owners of the Company		-	-	-	-	-	16	(4,402)	-	(4,386)
At 30 June 2021		70,054	(105)	(190)	(3,572)	(4,463)	112	7,317	557	69,710

(1) The Company has granted 3,809,150 options under the ISEC Healthcare Share Option Scheme on 22 April 2020.

D. Condensed Interim Statements of Changes in Equity (cont'd)

Group (Unaudited)	Note	Attributable to owners of the company							Non- controlling interests	Total equity
		Share capital	Treasury share reserve	Foreign currency translation reserve	Merger reserve	Capital reserve	Retained earnings	Equity attributable to owners of the company S\$'000		
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		
At 1 January 2020		64,741	(105)	495	(3,572)	(4,463)	6,529	63,625	478	64,103
Profit for the financial period		-	-	-	-	-	1,461	1,461	(68)	1,393
Other comprehensive income										
Foreign currency translation		-	-	268	-	-	-	268	-	268
Total comprehensive income for the financial period		-	-	268	-	-	1,461	1,729	(68)	1,661
Transactions with owners of the Company										
Issuance of ordinary shares ⁽¹⁾	14	5,329	-	-	-	-	-	5,329	-	5,329
Shares issue expenses	14	(16)	-	-	-	-	-	(16)	-	(16)
Total transactions with owners of the Company		5,313	-	-	-	-	-	5,313	-	5,313
Transaction with non-controlling interests										
Subscription of shares in subsidiary by non-controlling interests ⁽²⁾		-	-	-	-	-	-	-	339	339
Total transaction with non-controlling interests		-	-	-	-	-	-	-	339	339
At 31 March 2020		70,054	(105)	763	(3,572)	(4,463)	7,990	70,667	749	71,416

(1) On 27 February 2020, the Company, through its wholly-owned subsidiary, ISEC Sdn. Bhd. ("ISEC KL"), completed the acquisition of Indah Specialist, by way of the allotment and issuance of 17,950,913 consideration shares, equivalent to fair value consideration of S\$5,329,000 to the Vendors.

(2) As at 31 March 2020, ISEC Myanmar Company Limited ("ISEC Myanmar"), a 51% owned indirect subsidiary of the Company, has undertaken share capital injection, resulting in an increase from S\$1,365,000 (equivalent to US\$1,000,000) to S\$2,058,000 (equivalent to US\$1,500,000), through issuance of shares allotted to the existing shareholders of the subsidiary in equal proportion to their existing shareholdings.

D. Condensed Interim Statements of Changes in Equity (cont'd)

Group (Unaudited)	Note	Attributable to owners of the company							Non- controlling interests	Total equity
		Share capital	Treasury share reserve	Foreign currency translation reserve	Merger reserve	Capital reserve	Share option reserve	Retained earnings		
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 April 2020		70,054	(105)	763	(3,572)	(4,463)	-	7,990	749	71,416
Loss for the financial period		-	-	-	-	-	-	(826)	(67)	(893)
Other comprehensive income										
Foreign currency translation		-	-	(553)	-	-	-	-	(1)	(554)
Total comprehensive income for the financial period		-	-	(553)	-	-	-	(826)	(68)	(1,447)
Transactions with owners of the Company										
Dividends		-	-	-	-	-	-	(2,662)	-	(2,662)
Share-based compensation expenses ⁽¹⁾		-	-	-	-	-	20	-	-	20
Total transactions with owners of the Company		-	-	-	-	-	20	(2,662)	-	(2,642)
At 30 June 2020		70,054	(105)	210	(3,572)	(4,463)	20	4,502	681	67,327

(1) The Company has granted 3,809,150 options under the ISEC Healthcare Share Option Scheme on 22 April 2020.

D. Condensed Interim Statements of Changes in Equity (cont'd)

	Note	Share capital S\$'000	Treasury share reserve S\$'000	Share option reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
Company (Unaudited)						
At 1 January 2021		70,054	(105)	71	5,033	75,053
Loss for the financial period, representing total comprehensive income for the financial period		-	-	-	(279)	(279)
Transaction with owners of the Company						
Share-based compensation expenses ⁽¹⁾		-	-	25	-	25
Total transaction with owners of the Company		-	-	25	-	25
At 31 March 2021		70,054	(105)	96	4,754	74,799
At 1 April 2021		70,054	(105)	96	4,754	74,799
Profit for the financial period, representing total comprehensive income for the financial period		-	-	-	1,448	1,448
Transactions with owners of the Company						
Dividends	18	-	-	-	(4,402)	(4,402)
Share-based compensation expenses ⁽¹⁾		-	-	16	-	16
Total transactions with owners of the Company		-	-	16	(4,402)	(4,386)
At 30 June 2021		70,054	(105)	112	1,800	71,861

(1) The Company has granted 3,809,150 options under the ISEC Healthcare Share Option Scheme on 22 April 2020.

D. Condensed Interim Statements of Changes in Equity (cont'd)

	Note	Share capital S\$'000	Treasury share reserve S\$'000	Share option reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
Company (Unaudited)						
At 1 January 2020		64,741	(105)	-	3,359	67,995
Loss for the financial period, representing total comprehensive income for the financial period		-	-	-	(68)	(68)
Transactions with owners of the Company						
Issuance of ordinary shares	14	5,329	-	-	-	5,329
Share issues expenses	14	(16)	-	-	-	(16)
Total transactions with owners of the Company		5,313	-	-	-	5,313
At 31 March 2020		70,054	(105)	-	3,291	73,240
At 1 April 2020		70,054	(105)	-	3,291	73,240
Profit for the financial period, representing total comprehensive income for the financial period		-	-	-	175	175
Transactions with owners of the Company						
Dividends		-	-	-	(2,662)	(2,662)
Share-based compensation expenses ⁽¹⁾		-	-	20	-	20
Total transactions with owners of the Company		-	-	20	(2,662)	(2,642)
At 30 June 2020		70,054	(105)	20	804	70,773

(1) The Company has granted 3,809,150 options under the ISEC Healthcare Share Option Scheme on 22 April 2020.

E. Notes to the Condensed Interim Financial Statements

1. Corporate information

ISEC Healthcare Ltd. (the “Company”) is a public limited company, incorporated and domiciled in Singapore with its registered office address and principal place of business at 101 Thomson Road #09-04 United Square Singapore 307591. The Company’s registration number is 201400185H. The Company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (“SGX”).

The immediate holding company is Aier Eye International (Singapore) Pte. Ltd., a company incorporated in Singapore. The intermediate holding company is Aier Eye Hospital Group Co., Ltd, and the ultimate holding company is Aier Medical Investment Co., Ltd., both companies incorporated in the People’s Republic of China.

The principal activity of the Company is that of an investment holding company.

The principal activities of the Group are medical eye care services, and general medical and aesthetics services.

2. Basis of preparation

The condensed interim financial statements for the six-month period ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore.

The condensed interim financial statements do not include all the information and disclosures required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore Dollars (SGD or \$) and all values are rounded to the nearest thousand (\$’000), except when otherwise indicated.

2.1. New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2. Basis of preparation (cont'd)

2.2 Use of judgements and estimates

The preparation of the Group's condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

There were no significant judgements made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next interim period.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following note:

Note 11 – Goodwill impairment assessment

3. Seasonal operations

Since the outbreak of COVID-19 in December 2019, our Group's operations have been adversely affected by the travel restrictions and safe distancing measures imposed by the respective countries where our operations are to pre-empt the trend of the increasing local transmission of COVID-19.

Save for the above, the Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Disaggregation of revenue

	For six-month period ended 30 June					
	General health services		Specialised health services		Total	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Types of goods or services</u>						
Consultation, medication and procedures	1,810	1,721	17,223	13,317	19,033	15,038
<u>Timing of transfer of goods or services</u>						
At a point in time	1,785	1,711	17,223	13,317	19,008	15,028
Over time	25	10	–	–	25	10
	1,810	1,721	17,223	13,317	19,033	15,038

(a) Contract liabilities

Information about contract liabilities from contracts with customers is disclosed as follows:

	30 June 2021 \$'000	31 December 2020 \$'000
Contract liabilities, included in advances and contract liabilities	61	44

Contract liabilities primarily relate to the Group's obligation to perform aesthetics services to the customers for which the Group has received consideration in advance, and are recognised as revenue when the Group performs the services.

Changes in contract liabilities are highlighted as follows:

	For six-month period ended 30 June	
	2021 \$'000	2020 \$'000
Revenue recognised that was included in the contract liability balance at the beginning of the period	12	7

4. Revenue recognition (cont'd)

(b) Transaction price allocated to remaining performance obligation

The Group has applied the practical expedient not to disclose information about its remaining performance obligation as the Group recognises revenue in the amount to which the Group has a right to invoice customers in amounts that correspond directly with the value to the customer of the Group's performance completed to date.

5. Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker. A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Management monitors the operating results of the segment separately for the purposes of making decisions about resources to be allocated and assessing performance. The information reported to the chief operating decision maker does not include an analysis of assets and liabilities. Segment performance is evaluated based on operating profit or loss.

The Group has two reportable segments as described below.

Business segments information

- Specialised health services: provision of medical care, consultancy, treatment and surgery in the field of ophthalmology
- General health services: provision of general medical and aesthetic treatment services

	Group	
	For six-month period ended 30	
	June	
	2021	2020
	\$'000	\$'000
Segment revenue		
Specialised health services	17,223	13,317
General health services	1,810	1,721
	19,033	15,038
Segment profit/(loss) after tax		
Specialised health services	2,729	930
General health services	411	(430)
	3,140	500

	Group	
	For six-month period ended 30	
	June	
	2021	2020
	\$'000	\$'000
Segment revenue		
Singapore	4,554	2,839
Malaysia	14,053	12,010
Myanmar	426	189
	19,033	15,038

5. Segment information (cont'd)

Geographical information (cont'd)

	Group	
	For six-month period ended 30	
	June	
	2021	2020
	\$'000	\$'000
Segment profit/(loss) after tax		
Singapore	725	(1,053)
Malaysia	2,423	1,774
Myanmar	(8)	(221)
	3,140	500
Impairment loss for goodwill		
Singapore	-	934
Malaysia	-	-
Myanmar	-	-
	-	934
Depreciation of property, plant and equipment and right-of-use assets		
Singapore	187	192
Malaysia	966	940
Myanmar	163	173
	1,316	1,305
Additions to property, plant and equipment		
Singapore	5	83
Malaysia	162	6,524
Myanmar	18	9
	185	6,616

Major customers

Revenue is mainly derived from the walk-in patients who are the general public. Due to the diverse base of customers to which the Group renders services, the Group is generally not reliant on any customer for its sales and no one single customer accounted for 5% or more of the Group's total revenue except for 2 (30 June 2020: 2) corporate customers, which in total had contributed to 24% (30 June 2020: 20%) of the Group's total revenue for the financial period ended 30 June 2021.

6. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group For six-month period ended 30 June	
	2021 \$'000	2020 \$'000
Current income tax expense	1,001	645
Deferred income tax expense relating to origination and reversal of temporary differences	(48)	(56)
	<u>953</u>	<u>589</u>

7. Net Asset Value

	Group		Company	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Net asset value attributable to owners of the Company (S\$'000)	69,153	71,109	71,861	75,053
Number of ordinary shares in issue (excluding treasury shares)	550,299,457	550,299,457	550,299,457	550,299,457
Net asset value per ordinary share (S\$)	0.13	0.13	0.13	0.14

8. Fair value of assets and liabilities**Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value**

Cash and cash equivalents, trade and other receivables, trade and other payables and borrowing, wherein, the carrying amounts of these financial instruments are based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

9. Property, plant and equipment

Group	Computer equipment \$'000	Electrical equipment \$'000	Motor vehicles \$'000	Medical equipment \$'000	Office equipment, furniture and fittings \$'000	Renovation \$'000	Assets under construction \$'000	Freehold land \$'000	Total \$'000
Cost									
At 1 January 2020	558	584	56	6,784	550	2,171	3	—	10,706
Acquisition of a subsidiary	8	—	—	300	120	92	—	—	520
Additions	44	—	—	318 ⁽¹⁾	17	24	899	5,314	6,616
Disposals	—	—	—	(79) ⁽¹⁾	—	—	—	—	(79)
Written-off	—	—	—	(7)	(4)	(2)	—	—	(13)
Currency translation differences	7	—	—	88	9	23	6	49	182
At 31 December 2020 and 1 January 2021	617	584	56	7,404	692	2,308	908	5,363	17,932
Additions	7	—	—	76	13	4	85	—	185 ⁽²⁾
Disposals	—	—	—	—	(5)	—	—	—	(5)
Written-off	(9)	—	—	(166)	(4)	(4)	—	—	(183)
Currency translation differences	(22)	(10)	(1)	(289)	(34)	(74)	(15)	(94)	(539)
At 30 June 2021	593	574	55	7,025	662	2,234	978	5,269	17,390

⁽¹⁾ As at 31 December 2020, the medical equipment disposed of had a trade-in value of \$15,000 included in the (gain)/loss on disposal of plant and equipment as a non-cash transaction in the consolidated statement of cash flows. No such transaction was recorded for the financial period ended 30 June 2021.

⁽²⁾ During the financial period ended 30 June 2021, \$20,000 (FY2020: \$71,000) of the plant and equipment purchased remained unpaid and was included in other payables to the financial statements.

9. Property, plant and equipment (cont'd)

Group	Computer equipment \$'000	Electrical equipment \$'000	Motor vehicles \$'000	Medical equipment \$'000	Office equipment, furniture and fittings \$'000	Renovation \$'000	Assets under construction \$'000	Freehold land \$'000	Total \$'000
Accumulated depreciation									
At 1 January 2020	400	388	23	4,141	354	1,443	—	—	6,749
Depreciation charge for the year	62	57	11	716	82	189	—	—	1,117
Disposals	—	—	—	(79)	—	—	—	—	(79)
Written-off	—	—	—	(7)	(4)	(2)	—	—	(13)
Currency translation differences	(2)	—	—	11	5	3	—	—	17
At 31 December 2020 and 1 January 2021	460	445	34	4,782	437	1,633	—	—	7,791
Depreciation charge for the period	30	24	6	339	42	81	—	—	522
Disposals	—	—	—	—	(5)	—	—	—	(5)
Written-off	(9)	—	—	(165)	(4)	(4)	—	—	(182)
Currency translation differences	(11)	(8)	(1)	(124)	(17)	(43)	—	—	(204)
At 30 June 2021	470	461	39	4,832	453	1,667	—	—	7,922
Carrying amount									
At 31 December 2020	157	139	22	2,622	255	675	908	5,363	10,141
At 30 June 2021	123	113	16	2,193	209	567	978	5,269	9,468

Assets under construction

Included in the Group's property, plant and equipment of \$978,000 (FY2020: \$908,000) as at 30 June 2021 mainly relates to the acquisition of a building and expenditures on renovation of clinics in Malaysia.

10. Leases
As lessee

The Group has lease contracts for various items of medical equipment, clinic/office premises and motor vehicle. The Group's obligation under these leases are secured by the lessor's title to the leased assets.

The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the "short-term lease" and "lease of low-value assets" recognition exemptions for these leases and continues to expense off such leases when incurred.

(a) Right-of-use assets

Set out below are the carrying amounts of right-of use assets recognised and the movements during the period:

	Clinic/office premises \$'000	Motor vehicle \$'000	Medical equipment \$'000	Total \$'000
Group				
At 1 January 2020	2,874	25	1,231	4,130
Additions	1,996	—	141	2,137
Lease modification	(17)	—	—	(17)
Depreciation charge for the year	(1,078)	(6)	(454)	(1,538)
Currency translation differences	41	2	(1)	42
At 31 December 2020 and 1 January 2021	3,816	21	917	4,754
Additions	—	—	161	161
Depreciation charge for the period	(551)	(3)	(240)	(794)
Currency translation differences	(104)	(2)	(15)	(121)
At 30 June 2021	3,161	16	823	4,000

Lease modification relates to a price revision in the existing lease of one of the clinic premises.

10. Leases (cont'd)

As lessee (cont'd)

(b) Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Group	
	30 June 2021	31 December
	\$'000	2020
		\$'000
Beginning of interim period / financial year	5,256	4,714
Additions	161	2,137
Lease modification	—	(34)
Interest expense	132	287
Payments, net	(980)	(1,736)
Rental rebate	(8)	(154)
Currency translation differences	(132)	42
End of interim period / financial year	4,429	5,256
Current	1,527	1,646
Non-current	2,902	3,610

Lease modification relates to a price revision in the existing lease of one of the clinic premises.

(c) Net investment in sublease

The Group has entered into a sublease arrangement with an external party for one of its clinic premises, classified as a finance lease. Set out below are the carrying amounts of net investment in sublease recognised and the movements during the period:

	Group	
	30 June 2021	31 December
	\$'000	2020
		\$'000
Beginning of interim period / financial year	165	241
Lease modification	—	(17)
Accretion of interest income	4	8
Receipts, net	(32)	(45)
Rental rebate	—	(22)
End of interim period / financial year	137	165
Current	57	56
Non-current	80	109

Lease modification relates to a price revision in the existing lease of one of the clinic premises.

10. Leases (cont'd)

As lessee (cont'd)

(d) Amounts recognised in profit or loss

The following are the amounts recognised in profit or loss:

	Group	
	30 June 2021	30 June 2020
	\$'000	\$'000
Depreciation of right-of-use assets	794	746
Interest expense on lease liabilities	132	132
Interest income on sublease	(4)	(4)
Lease expenses not capitalised in lease liabilities		
- Expenses relating to leases of short-term leases (included in administrative expenses)	—	28
- Expenses relating to leases of low-value leases (included in administrative expenses)	5	6
Total amount recognised in profit or loss	927	908

(e) Total cash outflow

The Group had total cash outflows for leases (including short-term and low-value leases) of \$953,000 as at 30 June 2021 (30 June 2020: \$817,000), net of receipts from sublease and rental rebates.

(f) Extension options

The Group has several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises judgement in determining whether these extension options are reasonably certain to be exercised.

The Group included the extension option in the lease term for leases of clinic/office premises and medical equipment because of the additional costs that would arise to replace the assets. There is no extension option for lease of motor vehicle.

11. Intangible assets

Group	Computer software \$'000	Software under development \$'000	Goodwill \$'000	Contractual relationship \$'000	Customer relationships \$'000	Total \$'000
Cost						
As at 1 January 2020	539	—	33,712	5,300	155	39,706
Acquisition of a subsidiary	1	—	—	—	—	1
Additions	11	110	10,150	—	—	10,271 ⁽¹⁾
Written-off	(1)	—	—	—	—	(1)
Impairment loss	—	—	(1,484)	—	—	(1,484)
Currency translation differences	1	*	(126)	—	—	(125)
At 31 December 2020 and 1 January 2021	551	110	42,252	5,300	155	48,368
Additions	—	25	—	—	—	25
Currency translation differences	(15)	(2)	(394)	—	—	(411)
At 30 June 2021	536	133	41,858	5,300	155	47,982

* Less than \$1,000

⁽¹⁾ As at 31 December 2020, \$16,000 of the intangible assets purchased remains unpaid and was included in other payables to the financial statements.

11. Intangible assets (cont'd)

Group	Computer software \$'000	Software under development \$'000	Goodwill \$'000	Contractual relationship \$'000	Customer relationships \$'000	Total \$'000
Accumulated amortisation						
At 1 January 2020	473	–	–	2,783	92	3,348
Amortisation for the year	36	–	–	530	31	597
Written-off	(1)	–	–	–	–	(1)
Currency translation differences	1	–	–	–	–	1
At 31 December 2020 and 1 January 2021	509	–	–	3,313	123	3,945
Amortisation for the period	15	–	–	265	16	296
Currency translation differences	(9)	–	–	–	–	(9)
At 30 June 2021	515	–	–	3,578	139	4,232
Carrying amount						
At 31 December 2020	42	110	42,252	1,987	32	44,423
At 30 June 2021	21	133	41,858	1,722	16	43,750

Amortisation of computer software, contractual relationship and customer relationships are included in “administrative expenses” and “other expenses” line items in profit or loss respectively.

11. Intangible assets (cont'd)*Goodwill impairment assessment*

Goodwill with indefinite useful lives are not subjected to amortisation and are subjected to impairment assessment annually, or more frequently if events or changes in circumstances suggest the presence of impairment indicators. For the purpose of goodwill impairment assessment, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from the synergies of the combination. A CGU to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversible in subsequent periods.

Goodwill on consolidation arises from the acquisition of subsidiaries. Goodwill arising from business combinations is allocated to the following cash-generating units ("CGUs") that are expected to benefit from the business combinations.

	30 June 2021 \$'000	31 December 2020 \$'000
Goodwill		
<i>ISEC Eye Pte. Ltd. ("ISEC Eye")</i>	7,970	7,970
<i>Southern Specialist Eye Centre Sdn. Bhd. ("SSEC")</i>	12,147	12,365
<i>JL Medical (Bukit Batok) Pte. Ltd. ("JLMBB")</i>	3,939	3,939
<i>JL Medical (Sembawang) Pte. Ltd. ("JLMS")</i>	2,980	2,980
<i>JL Medical (Woodlands) Pte. Ltd. ("JLMW")</i>	3,509	3,509
<i>JL Medical (Yew Tee) Pte. Ltd. ("JLMYT")</i>	1,474	1,474
<i>Indah Specialist Eye Centre Sdn. Bhd. ("Indah Specialist")</i>	9,839	10,015
	41,858	42,252

The Group has assessed that there is no further impairment to the carrying amount of goodwill as at 30 June 2021 based on the CGU's business performance. The Group performed its most recent impairment assessment in December 2020. The key assumptions used to determine the recoverable amounts for the CGUs were disclosed in the 2020 Annual Report.

12. Non-controlling interests ("NCI")

The Group has the following subsidiary that has NCI that is material to the Group:

	ISEC Myanmar	
	30 June 2021	31 December 2020
Proportion of ownership interest held by non-controlling interest (%)	49	49
Loss after taxation allocated to NCI during the reporting period (\$'000)	4	202
Accumulated NCI at the end of reporting period (\$'000)	524	528

(a) Summarised financial information about subsidiary with material NCI

The summarised financial information before intra-group elimination of the subsidiary that has material non-controlling interests as at the end of each reporting period are as follows:

Summarised statement of financial position

	ISEC Myanmar	
	30 June 2021	31 December 2020
	\$'000	\$'000
Non-current assets	1,036	1,420
Current assets	412	307
Non-current liabilities	(162)	(281)
Current liabilities	(320)	(270)
Net assets	966	1,176

Summarised statement of comprehensive income

	ISEC Myanmar 6 Months Ended	
	30 June 2021	30 June 2020
	\$'000	\$'000
Revenue	426	189
Loss for the financial period, representing total comprehensive income	(8)	(221)

Other summarised information

	ISEC Myanmar 6 Months Ended	
	30 June 2021	30 June 2020
	\$'000	\$'000
Net cash generated from/(used in) operating activities	197	(360)
Net cash used in investing activities	(17)	(7)
Net cash (used in)/generated from financing activities	(89)	598
Net change in cash and cash equivalents	91	231

13. Borrowing

	Group
	31 December
	2020
	\$'000
30 June 2021	
\$'000	
Current	851
Non-current	2,663
	866
	3,141

The Group's borrowing of S\$3,514 million (FY2020: \$4,007 million) is secured by the freehold land and building for which the loan was entered.

14. Share capital

	Group and Company			
	30 June	31 December	30 June	31 December
	2021	2020	2021	2020
	Number of ordinary shares		\$'000	\$'000
Issued and fully paid:				
At 1 January	550,685,857	532,734,944	70,054	64,741
Issuance of consideration shares for the acquisition of 100% equity interest in Indah Specialist	–	17,950,913	–	5,329
Less: Share issue expenses	–	–	–	(16)
End of interim period	550,685,857	550,685,857	70,054	70,054
	As at 30 June 2021	As at 31 December 2020		
Total number of issued shares (excluding treasury shares)	550,299,457	550,299,457		

The shareholders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restriction. As at 30 June 2021, the number of ordinary shares in issue was 550,685,857 of which 386,400 were held by the Company as treasury shares. There were 386,400 treasury shares as at 30 June 2020.

15. Treasury share reserve

Treasury share reserve comprises the cost of the Company's shares held by the Company.

	Group and Company	
	Number of ordinary shares	\$'000
Issued and fully paid:		
At 31 December 2020 and 30 June 2021	386,400	(105)

There were 386,400 treasury shares representing 0.070% of the Company's 550,299,457 ordinary shares (excluding treasury shares) as at 30 June 2021 and 30 June 2020.

16. Other reserves

Group	30 June 2021	31 December 2020
	\$'000	\$'000
Foreign currency translation reserve	(190)	567
Merger reserve	(3,572)	(3,572)
Capital reserve	(4,463)	(4,463)
Share option reserve	112	71
	(8,113)	(7,397)

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency and is non-distributable.

Movement in the foreign currency translation reserve is set out in the condensed interim consolidated statement of changes in equity.

Merger reserve

Merger reserve represents the difference between the consideration paid and the share capital value of the subsidiaries acquired under common control.

Capital reserve

Capital reserve mainly consists of \$4,494,000 arising from the premium paid on acquisition of 49% of ISEC Penang in 2019.

Share option reserve

Employee share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

Subsidiary Holdings

There were no subsidiary holdings as at 30 June 2021 and 30 June 2020.

17. Earnings per share

	Group		Voluntary Disclosure	
	6 months ended		Group	
	30 June 2021		3 months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Earnings per share ("EPS")				
Profit/(loss) attributable to owners of the parent (S\$'000)	3,162	635	1,756	(826)
Weighted average number of ordinary shares in issue (excluding treasury shares)	550,299,457	544,677,468	550,299,457	550,299,457
Basic (Singapore cents)	0.57	0.12	0.32	(0.15)
Adjusted weighted average number of ordinary shares in issue (excluding treasury shares) ⁽¹⁾	550,341,392	544,693,597	550,341,392	550,331,715
Fully diluted basis (Singapore cents)	0.57	0.12	0.32	(0.15)

(1) The Company has granted 3,809,150 options under the ISEC Healthcare Share Option Scheme on 22 April 2020.

18. Dividends

	Group and Company	
	30 June 2021	31 December 2020
	\$'000	\$'000
<i>Dividends on ordinary shares:</i>		
- Final tax-exempt dividend for 2020: 0.80 cents (2019: 0.50 cents) per share	4,402	2,662
Proposed but not recognised as a liability as at 31 December:		
- Final tax-exempt dividends on ordinary shares for 2020 of 0.80 cents per share, subject to shareholders' approval at the Annual General Meeting	-	4,402

19. Impact of COVID-19 and events occurring after the reporting period

Coronavirus 2019 (“COVID-19”) pandemic

In Malaysia, to help counter the COVID-19 pandemic, the government of Malaysia initiated the Movement Control Order (“MCO”), effective on 18 March 2020, by imposing social distancing and travel bans restrictions inter-state to reduce transmission of the virus. The MCO order was extended multiple times and has, at times, switched to either the Conditional Movement Control Order (“CMCO”), the Recovery Movement Control Order (“RMCO”), or the Enhanced Movement Control Order (“EMCO”). Following the MCO stages, the National Recovery Plan (“NRP”) was put in place starting 1 June 2021. NRP consists of a four-phase recovery plan that is developed to steer Malaysia out of the pandemic. The three key conditions to be met to move to a next phase are related to daily COVID-19 cases, the rate of bed use in ICUs, and the percentage of the population fully vaccinated.

On 16 July 2021 it was announced that most of Selangor and Kuala Lumpur will return to NRP Phase 1 starting 17 July 2021. Under Phase 1, inter-state and inter-district travelling is still prohibited and children below the age of 12 years old are not allowed in public areas except during an emergency, for medical purposes, education, or to exercise.

Though our clinics remain open for operations, the management does not expect all the specialised eye centres in Malaysia to be recovering soon to pre-COVID-19 state of affairs as the country’s economic recovery is expected to be affected. Vaccination has been rolled out to the public, with some private clinics participating in the vaccination programme. The Group will closely monitor the impact of the situation and make the necessary operational adjustments accordingly as the situation deems fit throughout the year and beyond.

Singapore entered into the Preparatory Stage of a four-stage plan to live with COVID-19, with effect from 10 August 2021 which is expected to last until early September 2021. This period will see Singapore making important adjustments to healthcare protocols, rules on social activities and travel, a transition to be a “COVID-resilient” nation. Even though vaccination efforts are ramped up, some clusters of community spreads are still prevalent. We are seeing gradual recovery in our Singapore operations and the Group will continue to monitor the progress in the country closely and assess its impact to the Group’s operations accordingly.

Since early July 2021, Myanmar is seeing a new wave of COVID-19 outbreak. “Stay at Home” measures and curfews are imposed in parts of Yangon to restrict movements to reduce transmission of the virus.

As the global COVID-19 situation remains fluid and is still evolving as at the date of this results announcement, the Group is unable to reasonably ascertain the full extent of the impact arising from COVID-19 disruptions on its operations and on its financial performance for the year ending 31 December 2021.

Political situation in Myanmar

On 1 February 2021, Myanmar declared a state of emergency for a year for political reasons. As at the date of the financial statements, ISEC Myanmar’s clinic is currently still operational with reduced patient load. The on-going protest may adversely affect the operations of the clinic. As the situation is still evolving, the Group is unable to reasonably ascertain the extent of the probable impact on its financial performance for the year ending 31 December 2021.

Service-related dispute with a doctor

A doctor previously providing services (the “Doctor”) to ISEC Sdn. Bhd. (“ISEC KL”) has alleged unfair dismissal and consequently claimed an amount of RM736,321 in service consultancy fees and further damages (if so entitled), as announced on 22 December 2020.

19. Impact of COVID-19 and events occurring after the reporting period (cont'd)

On 10 May 2021, ISEC KL received a further claim from the Doctor (through the Doctor's legal counsel) alleging that ISEC KL has unlawfully deducted the employer's share of contributions from income payable to the Doctor during the Doctor's tenure with ISEC KL. Additionally, the Doctor has requested for further information on an alleged deduction of RM66,000 made in 2015.

The Doctor in question has ceased to perform services for ISEC KL from 27 October 2020 and has engaged a legal counsel in Malaysia to pursue the above claims. In this regard, ISEC KL has engaged a legal counsel in Malaysia who has been corresponding with the Doctor's legal counsel. No legal proceedings against ISEC KL have commenced as at the date of this announcement.

*Issue and allotment of shares pursuant to the exercise of options ("**ESOS**")*

On 2 July 2021, the Company issued and allotted 49,614 ordinary shares in the share capital of the Company (the "**New Shares**"), at an issue price of S\$0.29 per New Share, pursuant to the exercise of options granted under the ISEC Healthcare Share Option Scheme. The New Shares will rank pari passu in all respects with the existing shares of the Company.

Following the issue and allotment of the New Shares, the number of issued and paid-up shares in the share capital of the Company has increased from 550,685,857 ordinary shares to 550,735,471 ordinary shares.

F. Other information Required by Appendix 7C of the Catalist Rules

- 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.**

Please refer to "E. Notes to the Condensed Interim Financial Statements: 14. Share capital, 15. Treasury share reserve and 16. Other reserves" above for the detailed movement for changes in the Company's share capital, treasury share reserve and other reserves.

Outstanding Convertibles

On 22 April 2020, the Company granted 3,809,150 options under the ISEC Healthcare Share Option Scheme, of which 427,590 options from the total 3,809,150 options were granted to 4 eligible Directors.

Save for as disclosed above, the Company did not have any outstanding options or convertibles as at 30 June 2020. There were no options and share awards granted pursuant to the Company's employee share options scheme and performance share plan as at 30 June 2021.

Treasury Shares

There were 386,400 treasury shares representing 0.070% of the Company's 550,299,457 ordinary shares (excluding treasury shares) as at 30 June 2021 and 30 June 2020.

Subsidiary Holdings

There were no subsidiary holdings as at 30 June 2021 and 30 June 2020.

- 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**

Please refer to "E. Notes to the Condensed Interim Financial Statements: 14. Share capital" above.

- 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.

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 as the Group's financials are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

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 current financial reporting period are consistent with those disclosed in the audited financial statements for the financial year ended 31 December 2020.

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

Please refer to "E. Notes to the Condensed Interim Financial Statements: 2. Basis of preparation" above.

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

Please refer to "E. Notes to the Condensed Interim Financial Statements: 17. Earnings per share" above.

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

Please refer to “E. Notes to the Condensed Interim Financial Statements: 7. Net Asset Value” above.

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 of comparative performance of the Group for the 6 months ended 30 June 2021 (“1H2021”) and 30 June 2020 (“1H2020”), and 3 months ended 30 June 2021 (“2Q2021”) and 30 June 2020 (“2Q2020”) where applicable.

Consolidated Statement of Comprehensive Income

Revenue

The Group recorded revenue of S\$19.03 million in 1H2021, an increase of 27% from S\$15.04 million in 1H2020, mainly attributable to increased patient visits and business activities in the Group’s operations which is in line with the gradual resumption of business activities of the Group from the adverse impact faced during the COVID-19 pandemic in 2020, since early 2021.

Cost of sales

Cost of sales increased by 18%, or S\$1.57 million, from S\$9.00 million in 1H2020 to S\$10.57 million in 1H2021, attributable to increased business activities in the Group’s operations with the gradual resumption of business activities.

The increase in cost of sales was 18% in 1H2021 when revenue increased by 27% in 1H2021. The extent of the increase in cost of sales was lower compared to the increase in revenue, generally as a result of improved efficiency with the gradual resumption of business activities.

Gross profit and gross profit margin

As a result of the above, gross profit increased by 40% to S\$8.46 million in 1H2021 with an increase in gross profit margin of 4.3 percentage points, from 40.2% in 1H2020 to 44.5% in 1H2021. This was mainly due to the low base in 1H2020 as explained above.

Other income

Other income decreased by S\$0.28 million, from S\$0.65 million in 1H2020 to S\$0.37 million in 1H2021, mainly due to decrease in government grants of S\$0.12 million, rental rebates of S\$0.08 million and interest income from fixed deposits of S\$0.08 million. The government grants and rental rebates were part of the support measures by respective countries to provide relief for business operations adversely affected by COVID-19.

Other expenses

The Group recorded other expenses of S\$0.41 million in 1H2021, compared to S\$1.27 million in

1H2020.

No impairment loss for goodwill was recognised in 1H2021. The decrease was due to an impairment loss for goodwill, totaling S\$0.93 million in 1H2020, in the general health services segment, with S\$0.38 million relating to JL Medical (Bukit Batok) Pte. Ltd. ("JLMBB"), S\$0.15 million relating to JL Medical (Woodlands) Pte. Ltd. ("JLMWL"), and S\$0.40 million relating to JL Medical (Yew Tee) Pte. Ltd. ("JLMYT") respectively, being recognised.

Finance costs

Finance costs increased by S\$0.04 million, from S\$0.17 million in 1H2020 to S\$0.21 million in 1H2021. Interest expense of S\$0.05 million, arising from a bank loan entered to partially finance the acquisition of land and building in Penang, was recorded in 1H2021, whereas no term loan was entered into in 1H2020.

The increase was offset by a decrease in the unwinding of discount of S\$0.01 million relating to the non-current purchase consideration for the acquisition of Indah Specialist payable to the vendors.

Income tax expense

The Group recorded income tax expenses of S\$0.95 million in 1H2021, compared to S\$0.59 million in 1H2020. The effective tax rates of the Group in 1H2020 and 1H2021 were 54% and 23% respectively. Had the impairment loss for goodwill been excluded, effective tax rates of the Group in 1H2020 and 1H2021 would be 29% and 23% respectively. The lower effective tax rate in 1H2021 was mainly due to lower losses from loss-making subsidiaries in 1H2021 and no income tax expenses were recorded for these loss-making subsidiaries. The statutory corporate tax rates are 17% in Singapore, 24% in Malaysia and 25% in Myanmar.

Save for the explanation above, the increased income tax expenses in 1H2021 was in line with increased profits.

Profit after tax

The Group reported a net profit of S\$3.14 million in 1H2021, an increase of S\$2.64 million compared to a profit of S\$0.5 million in 1H2020, mainly due to the aforementioned factors.

Review of comparative financial position of the Group for the 6 months ended 30 June 2021 and 31 December 2020.

Consolidated Statement of Financial Position

Non-current assets

Non-current assets decreased by S\$2.13 million to S\$57.52 million as at 30 June 2021. This was mainly attributable to the following:

- i) Depreciation expenses of right-of-use assets of S\$0.79 million;
- ii) Depreciation expenses of property, plant and equipment of S\$0.52 million;
- iii) Currency translation loss of S\$0.34 million on property, plant and equipment;
- iv) Currency translation loss of S\$0.39 million on goodwill that arose from the acquisition of Southern Specialist Eye Centre Sdn. Bhd. and Indah Specialist Eye Centre Sdn. Bhd.;
- v) Amortisation expenses of S\$0.30 million on intangible assets; and
- vi) Currency translation loss of S\$0.12 million on right-of-use assets.

The decrease in non-current assets was offset by:

- i) Plant and equipment additions and renovations of S\$0.19 million; and

- ii) Right-of-use assets additions of S\$0.16 million, due to the leasing of medical equipment.

Current assets

Current assets decreased by S\$3.33 million mainly due to the decrease in cash and cash equivalents of S\$3.72 million due to reasons mentioned in the review of cash flows of the Group. Other receivables and deposit decreased by S\$0.12 million as a result of the receipt of profit guarantee from JLM Vendors as at 30 June 2021 of S\$0.13 million. The decrease in current assets was offset by an increase in trade receivables of S\$0.58 million in line with the Group's increased business activities.

Non-current liabilities

Non-current liabilities decreased by S\$1.78 million to S\$6.07 million as at 30 June 2021. This was mainly attributable to the following:

- i) Net decrease of lease liabilities of S\$0.71 million arising from lease payments made;
- ii) Reclassification of S\$0.56 million of the purchase consideration payable to vendors for the acquisition of Indah Specialist to current liabilities, as it is payable within the next 12 months from the date of completion of acquisition, i.e. payable by 27 February 2022; and
- iii) Partial repayment of bank loan (principal and interest) of S\$0.48 million undertaken for the purchase of freehold land and building by the Company's indirect subsidiary, ISEC Penang Sdn. Bhd.

Current liabilities

Current liabilities decreased by S\$1.69 million to S\$7.25 million as at 30 June 2021 mainly attributable to the following:

- i) Repayment of the balance purchase consideration for the acquisition of Indah Specialist of S\$1.77 million resulting in a decrease in other payables, offset by the abovementioned reclassification of such payables of S\$0.56 million;
- ii) Net decrease of payroll payable of S\$0.21 million as bonuses provided as at 31 December 2020 were paid out subsequent to year-end;
- iii) Net decrease of lease liabilities of S\$0.12 million arising from lease payments made; and
- iv) Net decrease of current income tax payable of S\$0.12 million, arising from tax provision for 1H2021 of S\$1.00 million, less tax payment of S\$1.11 million.

The decrease was offset by increased trade payables totaling S\$0.10 million mainly due to increased business activities.

Review of cash flows of the Group for 1H2021.**Consolidated Statement of Cash Flows**

As at 30 June 2021, the Group had cash and cash equivalents of S\$20.40 million, as compared to S\$22.91 million of cash and cash equivalents as at 30 June 2020.

Cash flows from operating activities

In 1H2021, net cash flows from operating activities was recorded at S\$4.16 million. This comprised operating cash flows before working capital changes of S\$5.86 million, and changes in working capital outflow of S\$0.59 million largely from trade and other receivables of S\$0.49 million due to increased business activities, trade and other payables of S\$0.12 million mainly due to remuneration and bonus payout to doctors and staff and payment to suppliers, less income tax paid of S\$1.11 million.

Cash flows used in investing activities

Net cash used in investing activities in 1H2021 amounted to S\$1.94 million mainly due to repayment of the cash consideration for the acquisition of Indah Specialist S\$1.77 million. In addition, payment for plant and equipment mainly for replacement of existing assets as well as renovation for clinics, amounting to S\$0.24 million were made. The cash outflow was offset by interest income received of S\$0.10 million.

Cash flows used in financing activities

Net cash used in financing activities was S\$5.83 million in 1H2021, mainly due to the following factors:

- i) Final dividend paid to shareholders of S\$4.40 million;
- ii) Repayment of lease liabilities and its corresponding finance costs of S\$0.95 million; and
- iii) Repayment of bank loan and its corresponding interest expense of S\$0.48 million.

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

The financial results are in line with the forecast statement disclosed in the Company's financial results announcement for 1Q2021, dated 22 April 2021.

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.

Please refer to "E. Notes to the Condensed Interim Financial Statements: 19. Impact of COVID-19 and events occurring after the reporting period" above.

The Group continues to seek suitable opportunities in the markets in China, Myanmar and Vietnam, while we strengthen our existing presence in our core markets of Singapore and Malaysia. The Company will also continue to pursue investment opportunities which are in line with the Group's business strategies as and when they arise.

While the Group is managing the current situation on COVID-19, we continue to widen and deepen our talent pool, with our doctors participating in online seminars, either as speakers or as participants, and preparing videos on eye-related issues for the public as part of knowledge sharing.

Our subsidiary, ISEC KL, is looking into expanding our current clinic premises by acquiring a suitable new clinic space to replace the existing clinic premises.

11. Dividend

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

No dividend has been declared or recommended for the current reporting period.

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

No dividend has been declared or recommended for the current reporting period.

(ii) Previous corresponding period (cents)

No dividend has been declared or recommended for the corresponding reporting period.

- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

- (d) The date the dividend is payable.**

Not applicable.

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

Not applicable.

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

No dividend has been declared or recommended for 1H2021 in view of the uncertainty in the market outlook and business environment. The Board deems it prudent to defer any decision on dividends till a later date.

- 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 Company did not obtain a general mandate from shareholders for IPTs.

There was no IPT of S\$100,000 and above for 1H2021.

- 14. Negative Confirmation by the Board Pursuant to Rule 705(5)**

The Board of Directors of the Company confirms, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results for the 3-month and 6-month financial period ended 30 June 2021 to be false or misleading in any material aspect.

- 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 undertakings have been procured from the Board of Directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

- 16. Disclosures on Acquisition and Realisation of Shares pursuant to Catalyst Rule 706A**

Not applicable. The Company did not acquire and/or dispose of shares in any companies during 1H2021.

BY ORDER OF THE BOARD

Dr Lee Hung Ming

Executive Vice Chairman
11 August 2021

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

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