



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

Condensed Interim Financial Statements  
For the six months and full year ended 31 December 2021

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

<i>Voluntary Disclosure</i>										
Note	Group 3 Months Ended			Group 6 Months Ended			Group 12 Months Ended			
	31 December 2021 (Unaudited) S\$'000	31 December 2020 (Unaudited) S\$'000	Change %	31 December 2021 (Unaudited) S\$'000	31 December 2020 (Unaudited) S\$'000	Change %	31 December 2021 (Unaudited) S\$'000	31 December 2020 (Audited) S\$'000	Change %	
Revenue	4	13,234	10,119	31%	21,436	21,289	1%	40,469	36,327	11%
Cost of sales		(7,353)	(5,379)	37%	(12,021)	(11,275)	7%	(22,591)	(20,270)	11%
<b>Gross profit</b>		5,881	4,740	24%	9,415	10,014	-6%	17,878	16,057	11%
<b><i>Other item of income</i></b>										
Other income		415	369	12%	627	673	-7%	993	1,325	-25%
<b><i>Other items of expense</i></b>										
Selling and distribution expenses		(10)	(7)	43%	(35)	(11)	>100%	(57)	(41)	39%
Administrative expenses		(2,506)	(2,125)	18%	(4,526)	(4,226)	7%	(8,613)	(8,345)	3%
Other expenses		(182)	(691)	-74%	(298)	(779)	-62%	(703)	(2,048)	-66%
Finance costs		(95)	(132)	-28%	(188)	(254)	-26%	(400)	(424)	-6%
Share of results of associate		3	5	-40%	(2)	-	NM	(12)	(18)	-33%
<b>Profit before income tax</b>		3,506	2,159	62%	4,993	5,417	-8%	9,086	6,506	40%
Income tax expense	6	(911)	(738)	23%	(1,254)	(1,466)	-14%	(2,207)	(2,055)	7%
<b>Profit for the financial period/year</b>		<b>2,595</b>	<b>1,421</b>	<b>83%</b>	<b>3,739</b>	<b>3,951</b>	<b>-5%</b>	<b>6,879</b>	<b>4,451</b>	<b>55%</b>



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

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

	<i>Voluntary Disclosure</i>								
	Group			Group			Group		
	3 Months Ended		Change	6 Months Ended		Change	12 Months Ended		Change
	31 December 2021 (Unaudited) S\$'000	31 December 2020 (Unaudited) S\$'000		31 December 2021 (Unaudited) S\$'000	31 December 2020 (Unaudited) S\$'000		31 December 2021 (Unaudited) S\$'000	31 December 2020 (Audited) S\$'000	
Depreciation of plant and equipment – cost of sales	135	180	-25%	301	361	-17%	640	719	-11%
Depreciation of right-of-use assets – cost of sales	132	115	15%	252	229	10%	492	453	9%
Depreciation of plant and equipment – administrative expenses	143	95	51%	231	197	17%	414	398	4%
Depreciation of right-of-use assets – administrative expenses	284	282	1%	565	563	0%	1,119	1,085	3%
Amortisation of intangible assets – other expenses	141	141	-0%	281	281	0%	562	561	0%
Amortisation of intangible assets – administrative expenses	3	9	-67%	8	18	-56%	23	36	-36%
Interest income	(58)	(63)	-8%	(115)	(123)	-7%	(215)	(298)	-28%
Interest income – net investment in sublease	-	(2)	-100%	(1)	(4)	-75%	(5)	(8)	-38%
Other income – government grants	(165)	(136)	21%	(236)	(308)	-23%	(449)	(639)	-30%
Other income – rental rebate	(21)	(10)	>100%	(66)	(38)	74%	(74)	(132)	-44%
Interest expense – lease liabilities	68	75	-9%	127	155	-18%	259	287	-10%
Interest expense – loans	23	29	-21%	47	43	9%	99	43	>100%

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

	<i>Voluntary Disclosure</i>								
	Group			Group			Group		
	3 Months Ended			6 Months Ended			12 Months Ended		
	31 December 2021 (Unaudited) S\$'000	31 December 2020 (Unaudited) S\$'000	Change %	31 December 2021 (Unaudited) S\$'000	31 December 2020 (Unaudited) S\$'000	Change %	31 December 2021 (Unaudited) S\$'000	31 December 2020 (Audited) S\$'000	Change %
Loss/(gain) on exchange differences - net	35	(25)	NM	11	(87)	NM	132	(34)	NM
Gain on disposal of plant and equipment	-	(1)	-100%	-	(16)	-100%	-	(16)	-100%
Plant and equipment written-off	2	-	NM	2	-	NM	3	-	NM
Allowance for/(write-back of) expected credit losses, net	7	6	17%	3	9	-67%	4	(12)	NM
Impairment loss for goodwill	-	550	-100%	-	550	-100%	-	1,484	-100%
Share-based compensation expenses	14	25	-44%	27	51	-47%	68	71	-4%
Profit guarantee from vendors <sup>(1)</sup> of subsidiaries acquired	(165)	(135)	22%	(165)	(135)	22%	(165)	(135)	22%

NM – Not meaningful

(1) Vendors refer to the previous shareholders of JL Medical (Bukit Batok) Pte. Ltd., JL Medical (Sembawang) Pte. Ltd., JL Medical (Woodlands) Pte. Ltd. and JL Medical (Yew Tee) Pte. Ltd. (collectively, "JLM Companies") prior to 1 December 2016.

**B. Condensed Interim Statements of Financial Position**

	Note	Group		Company	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
		(Unaudited) S\$'000	(Audited) S\$'000	(Unaudited) S\$'000	(Audited) S\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	9	9,428	10,141	9	13
Right-of-use assets	10	6,382	4,754	50	126
Intangible assets - goodwill	11	41,865	42,252	-	-
Intangible assets - others	11	1,619	2,171	-	-
Investment in subsidiaries		-	-	56,855	56,855
Investment in associate		156	168	-	-
Net investment of sublease	10	50	109	-	-
Deferred tax assets		140	51	7	7
Deposit		207	-	-	-
		<u>59,847</u>	<u>59,646</u>	<u>56,921</u>	<u>57,001</u>
<b>Current assets</b>					
Inventories		1,271	1,333	-	-
Trade receivables, net <sup>(1)</sup>		2,941	2,337	-	-
Other receivables and deposits		804	737	14,169	12,504
Prepayments		271	247	28	12
Net investment of sublease	10	58	56	-	-
Cash and cash equivalents <sup>(1)</sup>		22,494	24,124	1,867	6,109
		<u>27,839</u>	<u>28,834</u>	<u>16,064</u>	<u>18,625</u>
<b>TOTAL ASSETS</b>		<u>87,686</u>	<u>88,480</u>	<u>72,985</u>	<u>75,626</u>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	14	70,068	70,054	70,068	70,054
Treasury share reserve	15	(105)	(105)	(105)	(105)
Other reserves	16	(8,141)	(7,397)	139	71
Retained earnings		6,932	8,557	2,474	5,033
<b>Equity attributable to owners of Company</b>		<u>68,754</u>	<u>71,109</u>	<u>72,576</u>	<u>75,053</u>
Non-controlling interests	12	553	580	-	-
<b>TOTAL EQUITY</b>		<u>69,307</u>	<u>71,689</u>	<u>72,576</u>	<u>75,053</u>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Other payables		-	558	-	-
Borrowing	13	2,244	3,141	-	-
Provisions		153	163	21	21
Lease liabilities	10	5,212	3,610	-	55
Deferred tax liabilities		273	378	-	-
		<u>7,882</u>	<u>7,850</u>	<u>21</u>	<u>76</u>

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

	Note	Group		Company	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
		(Unaudited) S\$'000	(Audited) S\$'000	(Unaudited) S\$'000	(Audited) S\$'000
<b>Current liabilities</b>					
Trade payables		1,634	1,098	-	-
Other payables		1,282	2,338	35	210
Advances and contract liabilities		263	212	-	-
Accrued expenses		839	512	193	148
Payroll payable		3,024	1,423	78	41
Borrowing	13	849	866	-	-
Provisions		10	-	-	-
Lease liabilities	10	1,560	1,646	55	73
Current income tax payable		1,036	846	27	25
		<u>10,497</u>	<u>8,941</u>	<u>388</u>	<u>497</u>
<b>TOTAL LIABILITIES</b>		<b>18,379</b>	<b>16,791</b>	<b>409</b>	<b>573</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>87,686</b>	<b>88,480</b>	<b>72,985</b>	<b>75,626</b>

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

	Group		Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Trade receivables, net denominated in the following currencies:</b>				
Singapore Dollar	1,175	1,145	-	-
Ringgit Malaysia	1,750	1,190	-	-
Myanmar Kyat	16	2	-	-
	<u>2,941</u>	<u>2,337</u>	<u>-</u>	<u>-</u>
<b>Cash and cash equivalents denominated in the following currencies:</b>				
Singapore Dollar	4,862	9,405	1,867	6,109
Ringgit Malaysia	17,194	14,491	-	-
Myanmar Kyat	395	31	-	-
United States Dollar	43	197	-	-
	<u>22,494</u>	<u>24,124</u>	<u>1,867</u>	<u>6,109</u>



**C. Condensed Interim Consolidated Statements of Cash Flows**

	Note	<i>Voluntary Disclosure</i>		Group		Group	
		Group		Group		Group	
		3 Months Ended		6 Months Ended		12 Months Ended	
		31 December 2021 (Unaudited) S\$'000	31 December 2020 (Unaudited) S\$'000	31 December 2021 (Unaudited) S\$'000	31 December 2020 (Unaudited) S\$'000	31 December 2021 (Unaudited) S\$'000	31 December 2020 (Audited) S\$'000
<b>Cash flows from operating activities</b>							
Profit before income tax		3,506	2,159	4,993	5,417	9,086	6,506
Adjustments for:							
Allowance for/(write-back of) expected credit losses, net		7	6	3	9	4	(12)
Amortisation of intangible assets	11	144	150	289	299	585	597
Depreciation of plant and equipment and right-of-use assets	9,10(a)	694	672	1,349	1,350	2,665	2,655
Rental rebates	10	(21)	(10)	(66)	(38)	(74)	(132)
Interest income		(58)	(65)	(116)	(127)	(220)	(306)
Interest expense		95	132	188	254	400	424
Impairment loss for goodwill		-	550	-	550	-	1,484
Gain on disposal of plant and equipment		-	(1)	-	(16)	-	(16)
Plant and equipment written-off	9	2	-	2	-	3	-
Share-based compensation expenses		14	25	27	51	68	71
Share of results of associate		(3)	(5)	2	-	12	18
Operating cash flows before working capital changes		4,380	3,613	6,671	7,749	12,529	11,289
Working capital changes:							
- Inventories		(41)	3	17	37	23	(11)
- Trade and other receivables		(877)	325	(74)	(861)	(567)	92
- Prepayments		(26)	24	(50)	7	(31)	(2)
- Trade and other payables		2,291	205	2,671	865	2,554	(1,218)
Cash generated from operations		5,727	4,170	9,235	7,797	14,508	10,150
Income tax paid		(533)	(806)	(1,094)	(1,326)	(2,208)	(2,276)
<b>Net cash generated from operating activities</b>		5,194	3,364	8,141	6,471	12,300	7,874

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

	<i>Voluntary Disclosure</i>					
	Group		Group		Group	
	3 Months Ended		6 Months Ended		12 Months Ended	
Note	31 December 2021 (Unaudited) S\$'000	31 December 2020 (Unaudited) S\$'000	31 December 2021 (Unaudited) S\$'000	31 December 2020 (Unaudited) S\$'000	31 December 2021 (Unaudited) S\$'000	31 December 2020 (Audited) S\$'000
<b>Cash flows from investing activities</b>						
Payment to vendors <sup>(1)</sup>	-	-	-	-	(1,765)	-
Proceeds from disposal of plant and equipment	-	1	-	1	-	1
Purchase of property, plant and equipment	(125)	(150)	(497)	(1,632)	(733)	(2,314)
Purchase of intangible assets	11 (17)	(16)	(17)	(29)	(58)	(105)
Acquisition of a subsidiary, net of cash acquired	-	-	-	-	-	(2,946)
Interest received	61	63	117	123	217	298
<b>Net cash used in investing activities</b>	<b>(81)</b>	<b>(102)</b>	<b>(397)</b>	<b>(1,537)</b>	<b>(2,339)</b>	<b>(5,066)</b>
<b>Cash flows from financing activities</b>						
Dividends paid	(4,128)	-	(4,128)	(2,662)	(8,530)	(2,662)
Subscription of shares in subsidiaries by non-controlling interests	-	-	-	107	-	341
Share issue expenses	14 -	-	-	-	-	(16)
Proceeds from exercise of share options	-	-	14	-	14	-
Principal element of lease liabilities	10(e) (354)	(348)	(749)	(729)	(1,582)	(1,412)
Interest paid – lease liabilities	10(e) (70)	(73)	(139)	(179)	(254)	(279)
Repayment of loans <sup>(2)</sup>	(211)	(213)	(420)	(284)	(843)	(284)
Interest paid – loan	(21)	(29)	(47)	(33)	(101)	(33)
<b>Net cash used in financing activities</b>	<b>(4,784)</b>	<b>(663)</b>	<b>(5,469)</b>	<b>(3,780)</b>	<b>(11,296)</b>	<b>(4,345)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>329</b>	<b>2,599</b>	<b>2,275</b>	<b>1,154</b>	<b>(1,335)</b>	<b>(1,537)</b>
Cash and cash equivalents at beginning of financial period/year	22,217	21,544	20,401	22,909	24,124	25,657
Effects of exchange rate changes on cash and cash equivalents	(52)	(19)	(182)	61	(295)	4
<b>Cash and cash equivalents at end of financial period/year</b>	<b>22,494</b>	<b>24,124</b>	<b>22,494</b>	<b>24,124</b>	<b>22,494</b>	<b>24,124</b>

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

- (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.

(2)	Group		Group		Group	
	3 Months Ended		6 Months Ended		12 Months Ended	
	31 December 2021 (Unaudited) S\$'000	31 December 2020 (Unaudited) S\$'000	31 December 2021 (Unaudited) S\$'000	31 December 2020 (Unaudited) S\$'000	31 December 2021 (Unaudited) S\$'000	31 December 2020 (Audited) S\$'000
<b>Non-cash transaction - investing and financing activities</b>						
Purchase of property partially financed through loan facility	-	-	-	4,254	-	4,254

On 6 August 2020, ISEC (Penang) Sdn. Bhd., a wholly-owned indirect subsidiary of the Company, entered into a 5-year term loan facility to partially finance the acquisition of land and building, with an aggregate cost of RM18,922,000 (equivalent to S\$6,191,000), of which RM13,000,000 (equivalent to S\$4,254,000) was satisfied by the loan facility. The loan bears a floating interest rate of the bank's Cost of Funds + 0.5% margin per annum and is secured by the land and building for which the loan was entered. The interest rate for the period 6 months and 12 months ended 31 December 2021 was 2.85% (August to December 2020: 2.85%).

The remaining balance of RM5,922,000 (equivalent to S\$1,937,000) was satisfied by the Group's cash and included in purchase of property, plant and equipment.

**D. Condensed Interim Statements of Changes in Equity**

Attributable to owners of the company

Group (Unaudited)	Note	Share capital	Treasury share reserve	Foreign currency translation reserve	Merger reserve	Capital reserve	Share option reserve	Retained earnings	Equity attributable to owners of the company	Non-controlling interests	Total equity
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2021		70,054	(105)	567	(3,572)	(4,463)	71	8,557	71,109	580	71,689
Profit for the financial period		-	-	-	-	-	-	3,162	3,162	(22)	3,140
Other comprehensive income											
Foreign currency translation		-	-	(757)	-	-	-	-	(757)	(1)	(758)
Total comprehensive income for the financial period		-	-	(757)	-	-	-	3,162	2,405	(23)	2,382
Transaction with owners of the Company											
Dividends	18	-	-	-	-	-	-	(4,402)	(4,402)	-	(4,402)
Share-based compensation expenses <sup>(1)</sup>		-	-	-	-	-	41	-	41	-	41
Total transaction with owners of the Company		-	-	-	-	-	41	(4,402)	(4,361)	-	(4,361)
At 30 June 2021		70,054	(105)	(190)	(3,572)	(4,463)	112	7,317	69,153	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)**

Attributable to owners of the company

Group (Unaudited)	Note	Share capital	Treasury share reserve	Foreign currency translation reserve	Merger reserve	Capital reserve	Share option reserve	Retained earnings	Equity attributable to owners of the company	Non-controlling interests	Total equity
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>At 1 July 2021</b>		<b>70,054</b>	<b>(105)</b>	<b>(190)</b>	<b>(3,572)</b>	<b>(4,463)</b>	<b>112</b>	<b>7,317</b>	<b>69,153</b>	<b>557</b>	<b>69,710</b>
<b>Profit for the financial period</b>		-	-	-	-	-	-	1,204	1,204	(60)	1,144
<b>Other comprehensive income</b>											
Foreign currency translation		-	-	49	-	-	-	-	49	-	49
<b>Total comprehensive income for the financial period</b>		-	-	<b>49</b>	-	-	-	<b>1,204</b>	<b>1,253</b>	<b>(60)</b>	<b>1,193</b>
<b>Transaction with owners of the Company</b>											
Share-based compensation expenses <sup>(1)</sup>		-	-	-	-	-	13	-	13	-	13
Issuance of ordinary shares <sup>(2)</sup>		14	-	-	-	-	-	-	14	-	14
<b>Total transaction with owners of the Company</b>		<b>14</b>	-	-	-	-	<b>13</b>	-	<b>27</b>	-	<b>27</b>
<b>At 30 September 2021</b>		<b>70,068</b>	<b>(105)</b>	<b>(141)</b>	<b>(3,572)</b>	<b>(4,463)</b>	<b>125</b>	<b>8,521</b>	<b>70,433</b>	<b>497</b>	<b>70,930</b>

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

(2) 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. 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.

**ISEC HEALTHCARE LTD.**

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

Group (Unaudited)	Attributable to owners of the company										
		Share capital	Treasury share reserve	Foreign currency translation reserve	Merger reserve	Capital reserve	Share option reserve	Retained earnings	Equity attributable to owners of the company	Non-controlling interests	Total equity
	Note	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 October 2021		70,068	(105)	(141)	(3,572)	(4,463)	125	8,521	70,433	497	70,930
<b>Profit for the financial period</b>		-	-	-	-	-	-	2,539	2,539	56	2,595
<b>Other comprehensive income</b>											
Foreign currency translation		-	-	(104)	-	-	-	-	(104)	-	(104)
<b>Total comprehensive income for the financial period</b>		-	-	(104)	-	-	-	2,539	2,435	56	2,491
<b>Transactions with owners of the Company</b>											
Dividends	18	-	-	-	-	-	-	(4,128)	(4,128)	-	(4,128)
Share-based compensation expenses <sup>(1)</sup>		-	-	-	-	-	14	-	14	-	14
<b>Total transactions with owners of the Company</b>		-	-	-	-	-	14	(4,128)	(4,114)	-	(4,114)
<b>At 31 December 2021</b>		<b>70,068</b>	<b>(105)</b>	<b>(245)</b>	<b>(3,572)</b>	<b>(4,463)</b>	<b>139</b>	<b>6,932</b>	<b>68,754</b>	<b>553</b>	<b>69,307</b>

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

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**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	Equity attributable to owners of the company		
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		
<b>At 1 January 2020</b>		<b>64,741</b>	<b>(105)</b>	<b>495</b>	<b>(3,572)</b>	<b>(4,463)</b>	<b>-</b>	<b>6,529</b>	<b>63,625</b>	<b>478</b>	<b>64,103</b>
<b>Profit for the financial period</b>		-	-	-	-	-	-	635	635	(135)	500
<b>Other comprehensive income</b>											
Foreign currency translation		-	-	(285)	-	-	-	-	(285)	(1)	(286)
<b>Total comprehensive income for the financial period</b>		-	-	<b>(285)</b>	-	-	-	<b>635</b>	<b>350</b>	<b>(136)</b>	<b>214</b>
<b>Transactions with owners of the Company</b>											
Issuance of ordinary shares <sup>(1)</sup>	14	5,329	-	-	-	-	-	-	5,329	-	5,329
Shares issue expenses	14	(16)	-	-	-	-	-	-	(16)	-	(16)
Dividends		-	-	-	-	-	-	(2,662)	(2,662)	-	(2,662)
Share-based compensation expenses <sup>(2)</sup>		-	-	-	-	-	20	-	20	-	20
<b>Total transactions with owners of the Company</b>		<b>5,313</b>	-	-	-	-	<b>20</b>	<b>(2,662)</b>	<b>2,671</b>	-	<b>2,671</b>
<b>Transaction with non-controlling interests</b>											
Subscription of shares in subsidiary by non-controlling interests <sup>(3)</sup>		-	-	-	-	-	-	-	-	339	339
<b>Total transaction with non-controlling interests</b>		-	-	-	-	-	-	-	-	<b>339</b>	<b>339</b>
<b>At 30 June 2020</b>		<b>70,054</b>	<b>(105)</b>	<b>210</b>	<b>(3,572)</b>	<b>(4,463)</b>	<b>20</b>	<b>4,502</b>	<b>66,646</b>	<b>681</b>	<b>67,327</b>

**ISEC HEALTHCARE LTD.**

(Company Registration No.201400185H)

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

Group (Unaudited)	Attributable to owners of the company										
	Share capital	Treasury share reserve	Foreign currency translation reserve	Merger reserve	Capital reserve	Share option reserve	Retained earnings	Equity attributable to owners of the company	Non-controlling interests	Total equity	
	Note	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
<b>At 1 July 2020</b>		<b>70,054</b>	<b>(105)</b>	<b>210</b>	<b>(3,572)</b>	<b>(4,463)</b>	<b>20</b>	<b>4,502</b>	<b>66,646</b>	<b>681</b>	<b>67,327</b>
<b>Profit for the financial period</b>		-	-	-	-	-	-	2,583	2,583	(53)	2,530
<b>Other comprehensive income</b>		-	-	-	-	-	-	-	-	-	-
Foreign currency translation		-	-	395	-	-	-	-	395	1	396
<b>Total comprehensive income for the financial period</b>		-	-	<b>395</b>	-	-	-	<b>2,583</b>	<b>2,978</b>	<b>(52)</b>	<b>2,926</b>
<b>Transactions with owners of the Company</b>											
Share-based compensation expenses <sup>(2)</sup>		-	-	-	-	-	26	-	26	-	26
<b>Total transactions with owners of the Company</b>		-	-	-	-	-	<b>26</b>	-	<b>26</b>	-	<b>26</b>
<b>Transaction with non-controlling interests</b>											
Subscription of shares in subsidiary by non-controlling interests <sup>(4)</sup>		-	-	-	-	-	-	-	-	2	2
<b>Total transaction with non-controlling interests</b>		-	-	-	-	-	-	-	-	<b>2</b>	<b>2</b>
<b>At 30 September 2020</b>		<b>70,054</b>	<b>(105)</b>	<b>605</b>	<b>(3,572)</b>	<b>(4,463)</b>	<b>46</b>	<b>7,085</b>	<b>69,650</b>	<b>631</b>	<b>70,281</b>

- (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) The Company has granted 3,809,150 options under the ISEC Healthcare Share Option Scheme on 22 April 2020.
- (3) 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.
- (4) In July 2020, the Company, through its wholly-owned subsidiary, ISEC Sdn. Bhd. ("ISEC KL"), incorporated ISEC (Kuching) Sdn. Bhd. ("ISEC Kuching"), and 51% of the total shareholding is held by ISEC KL. The initial issued and paid-up share capital of ISEC Kuching was S\$3,000 (equivalent to RM10,000).



**ISEC HEALTHCARE LTD.**

(Company Registration No.201400185H)

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

Group (Unaudited)	Attributable to owners of the company										
		Share capital	Treasury share reserve	Foreign currency translation reserve	Merger reserve	Capital reserve	Share option reserve	Retained earnings	Equity attributable to owners of the company	Non-controlling interests	Total equity
	Note	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 October 2020		70,054	(105)	605	(3,572)	(4,463)	46	7,085	69,650	631	70,281
<b>Profit for the financial period</b>		-	-	-	-	-	-	1,472	1,472	(51)	1,421
<b>Other comprehensive income</b>											
Foreign currency translation		-	-	(38)	-	-	-	-	(38)	-	(38)
<b>Total comprehensive income for the financial period</b>		-	-	(38)	-	-	-	1,472	1,434	(51)	1,383
<b>Transactions with owners of the Company</b>											
Share-based compensation expenses <sup>(1)</sup>		-	-	-	-	-	25	-	25	-	25
<b>Total transactions with owners of the Company</b>		-	-	-	-	-	25	-	25	-	25
<b>At 31 December 2020</b>		<b>70,054</b>	<b>(105)</b>	<b>567</b>	<b>(3,572)</b>	<b>(4,463)</b>	<b>71</b>	<b>8,557</b>	<b>71,109</b>	<b>580</b>	<b>71,689</b>

(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
<b>Company (Unaudited)</b>						
<b>At 1 January 2021</b>		<b>70,054</b>	<b>(105)</b>	<b>71</b>	<b>5,033</b>	<b>75,053</b>
Profit for the financial period, representing total comprehensive income for the financial period		-	-	-	1,169	1,169
<b>Transaction with owners of the Company</b>						
Dividends	18	-	-	-	(4,402)	(4,402)
Share-based compensation expenses <sup>(1)</sup>		-	-	41	-	41
<b>Total transaction with owners of the Company</b>		<b>-</b>	<b>-</b>	<b>41</b>	<b>(4,402)</b>	<b>(4,361)</b>
<b>At 30 June 2021</b>		<b>70,054</b>	<b>(105)</b>	<b>112</b>	<b>1,800</b>	<b>71,861</b>
<b>At 1 July 2021</b>		<b>70,054</b>	<b>(105)</b>	<b>112</b>	<b>1,800</b>	<b>71,861</b>
Profit for the financial period, representing total comprehensive income for the financial period		-	-	-	4,802	4,802
<b>Transactions with owners of the Company</b>						
Dividends	18	-	-	-	(4,128)	(4,128)
Share-based compensation expenses <sup>(1)</sup>		-	-	27	-	27
Issuance of ordinary shares <sup>(2)</sup>	14	14	-	-	-	14
<b>Total transactions with owners of the Company</b>		<b>14</b>	<b>-</b>	<b>27</b>	<b>(4,128)</b>	<b>(4,087)</b>
<b>At 31 December 2021</b>		<b>70,068</b>	<b>(105)</b>	<b>139</b>	<b>2,474</b>	<b>72,576</b>

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

(2) 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. 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.

**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
<b>Company (Unaudited)</b>						
<b>At 1 January 2020</b>		<b>64,741</b>	<b>(105)</b>	<b>-</b>	<b>3,359</b>	<b>67,995</b>
Profit for the financial period, representing total comprehensive income for the financial period		-	-	-	107	107
<b>Transactions with owners of the Company</b>						
Issuance of ordinary shares	14	5,329	-	-	-	5,329
Share issues expenses	14	(16)	-	-	-	(16)
Share-based compensation expenses <sup>(1)</sup>		-	-	20	-	20
Dividends	18	-	-	-	(2,662)	(2,662)
<b>Total transactions with owners of the Company</b>		<b>5,313</b>	<b>-</b>	<b>20</b>	<b>(2,662)</b>	<b>2,671</b>
<b>At 30 June 2020</b>		<b>70,054</b>	<b>(105)</b>	<b>20</b>	<b>804</b>	<b>70,773</b>
<b>At 1 July 2020</b>		<b>70,054</b>	<b>(105)</b>	<b>20</b>	<b>804</b>	<b>70,773</b>
Profit for the financial period, representing total comprehensive income for the financial period		-	-	-	4,229	4,229
<b>Transactions with owners of the Company</b>						
Share-based compensation expenses <sup>(1)</sup>		-	-	51	-	51
<b>Total transactions with owners of the Company</b>		<b>-</b>	<b>-</b>	<b>51</b>	<b>-</b>	<b>51</b>
<b>At 31 December 2020</b>		<b>70,054</b>	<b>(105)</b>	<b>71</b>	<b>5,033</b>	<b>75,053</b>

(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 procedural services.

### **2. Basis of preparation**

The condensed interim financial statements for the six-month period ended 31 December 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/year. 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/year. 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 31 December					
	General health services		Specialised health services		Total	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Types of goods or services</u>						
Consultation, medication and procedures	1,887	1,788	19,549	19,501	21,436	21,289
<u>Timing of transfer of goods or services</u>						
At a point in time	1,863	1,765	19,549	19,501	21,412	21,266
Over time	24	23	-	-	24	23
	1,887	1,788	19,549	19,501	21,436	21,289

	For twelve-month period ended 31 December					
	General health services		Specialised health services		Total	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Types of goods or services</u>						
Consultation, medication and procedures	3,697	3,509	36,772	32,818	40,469	36,327
<u>Timing of transfer of goods or services</u>						
At a point in time	3,648	3,476	36,772	32,818	40,420	36,294
Over time	49	33	-	-	49	33
	3,697	3,509	36,772	32,818	40,469	36,327

	Group		
	For financial year ended		
	31 December 2021	31 December 2020	Change
	\$'000	\$'000	%
Sales reported for first half year	19,033	15,038	27%
Operating profit after tax before deducting non-controlling interests reported for first half year	3,140	500	NM
Sales reported for second half year	21,436	21,289	1%
Operating profit after tax before deducting non-controlling interests reported for second half year	3,739	3,951	-5%

**4. Disaggregation of revenue (cont'd)****(a) Contract liabilities**

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

	<b>31 December 2021</b>	<b>31 December 2020</b>
	\$'000	\$'000
Contract liabilities, included in advances and contract liabilities	42	44

Contract liabilities primarily relate to the Group's obligation to perform procedural 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:

	<b>For six-month period ended 31 December</b>		<b>For twelve-month period ended 31 December</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	\$'000	\$'000	\$'000	\$'000
Revenue recognised that was included in the contract liability balance at the beginning of the period	8	7	20	14

**(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 procedural treatment services

	<b>Group</b>		<b>Group</b>	
	<b>For six-month period ended</b>		<b>For twelve-month period</b>	
	<b>31 December</b>		<b>ended 31 December</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	\$'000	\$'000	\$'000	\$'000
<b>Segment revenue</b>				
Specialised health services	19,549	19,501	36,772	32,818
General health services	1,887	1,788	3,697	3,509
	<u>21,436</u>	<u>21,289</u>	<u>40,469</u>	<u>36,327</u>
<b>Segment profit/(loss) after tax</b>				
Specialised health services	3,240	4,066	5,969	4,996
General health services	499	(115)	910	(545)
	<u>3,739</u>	<u>3,951</u>	<u>6,879</u>	<u>4,451</u>



## 5. Segment information (cont'd)

*Business segments information (cont'd)*

	Group		Group	
	For six-month period ended		For twelve-month period	
	31 December		ended 31 December	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<b>Impairment loss for goodwill</b>				
Specialised health services	-	-	-	-
General health services	-	550	-	1,484
	-	550	-	1,484

**Depreciation of property plant and equipment and right-of-use assets**

Specialised health services	1,217	1,217	2,401	2,391
General health services	132	133	264	264
	1,349	1,350	2,665	2,655

**Additions to property, plant and equipment**

	Group	
	31 December 2021	31 December 2020
	\$'000	\$'000
Specialised health services	723	6,533
General health services	4	83
	727	6,616

*Geographical information*

Revenue and operating result are based on the country in which the services are provided and country where the customers are located.

	Group		Group	
	For six-month period ended		For twelve-month period	
	31 December		ended 31 December	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<b>Segment revenue</b>				
Singapore	4,399	4,424	8,953	7,263
Malaysia	16,471	16,652	30,524	28,662
Myanmar	566	213	992	402
	21,436	21,289	40,469	36,327



## 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 31 December		Group For twelve-month period ended 31 December	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Current income tax expense	1,401	1,446	2,402	2,091
Deferred income tax expense relating to origination and reversal of temporary differences	(147)	20	(195)	(36)
	<u>1,254</u>	<u>1,466</u>	<u>2,207</u>	<u>2,055</u>

## 7. Net Asset Value

	Group		Company	
	31 December 2021 (Unaudited)	31 December 2020 (Audited)	31 December 2021 (Unaudited)	31 December 2020 (Audited)
Net asset value attributable to owners of the Company (S\$'000)	68,754	71,109	72,576	75,053
Number of ordinary shares in issue (excluding treasury shares)	550,349,071	550,299,457	550,349,071	550,299,457
Net asset value per ordinary share (S\$)	0.12	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
<b>Cost</b>									
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 <sup>(1)</sup>	17	24	899	5,314	6,616
Disposals	-	-	-	(79) <sup>(1)</sup>	-	-	-	-	(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	15	-	-	156	21	123	412	-	727 <sup>(2)</sup>
Disposals	-	-	-	-	(5)	-	-	-	(5)
Written-off	(12)	-	-	(196)	(21)	(6)	-	-	(235)
Reclassification	-	(9)	-	-	9	7	(7)	-	-
Currency translation differences	(26)	(10)	(1)	(345)	(40)	(86)	(13)	(92)	(613)
At 31 December 2021	594	565	55	7,019	656	2,346	1,300	5,271	17,806

<sup>(1)</sup> As at 31 December 2020, the medical equipment disposed of had a trade-in value of \$15,000 included in the gain 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 31 December 2021.

<sup>(2)</sup> During the financial year ended 31 December 2021, \$235,000 (FY2020: \$34,000) 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
<b>Accumulated depreciation</b>									
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	57	48	11	640	112	186	-	-	1,054
Disposals	-	-	-	-	(5)	-	-	-	(5)
Written-off	(12)	-	-	(194)	(20)	(6)	-	-	(232)
Reclassification	-	(4)	-	-	4	-	-	-	-
Currency translation differences	(13)	(8)	*	(142)	(18)	(49)	-	-	(230)
At 31 December 2021	492	481	45	5,086	510	1,764	-	-	8,378
<b>Carrying amount</b>									
At 31 December 2020	157	139	22	2,622	255	675	908	5,363	10,141
At 31 December 2021	102	84	10	1,933	146	582	1,300	5,271	9,428

Assets under construction

Included in the Group's property, plant and equipment of \$1,300,000 (FY2020: \$908,000) as at 31 December 2021 mainly relates to the acquisition of a building and expenditures on renovation of clinics in Malaysia.

\* Less than \$1,000

**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:

	<b>Clinic/office premises</b>	<b>Motor vehicle</b>	<b>Medical equipment</b>	<b>Total</b>
	\$'000	\$'000	\$'000	\$'000
<b>Group</b>				
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
<hr/>				
At 31 December 2020 and 1 January 2021	3,816	21	917	4,754
Additions	673	-	72	745
Lease modification	2,395	-	238	2,633
Depreciation charge for the year	(1,114)	(5)	(492)	(1,611)
Currency translation differences	(120)	(4)	(15)	(139)
<hr/>				
At 31 December 2021	5,650	12	720	6,382
<hr/> <hr/>				

Lease modification during the current financial year relates to the price revision and/or extension of the lease period in the existing leases of three clinic premises and two clinics' medical equipment. In the previous financial year, the 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:

	<b>Group</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
	\$'000	\$'000
Beginning of financial year	5,256	4,714
Additions	745	2,137
Lease modification	2,633	(34)
Interest expense	259	287
Payments, net	(1,893)	(1,736)
Rental rebate	(79)	(154)
Currency translation differences	(149)	42
	<hr/>	<hr/>
End of financial year	6,772	5,256
	<hr/>	<hr/>
Current	1,560	1,646
Non-current	5,212	3,610
	<hr/>	<hr/>

Lease modification during the current financial year relates to the price revision and/or extension of the lease period in the existing leases of three clinic premises and two clinics' medical equipment. In the previous financial year, the 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:

	<b>Group</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
	\$'000	\$'000
Beginning of financial year	165	241
Lease modification	-	(17)
Accretion of interest income	5	8
Receipts, net	(57)	(45)
Rental rebate	(5)	(22)
	<hr/>	<hr/>
End of financial year	108	165
	<hr/>	<hr/>
Current	58	56
Non-current	50	109
	<hr/>	<hr/>

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:

	<b>Group</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
	\$'000	\$'000
Depreciation of right-of-use assets	1,611	1,538
Interest expense on lease liabilities	259	287
Interest income on sublease	(5)	(8)
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 short-term leases (included in cost of sales)	3	-
- Expenses relating to leases of low-value leases (included in administrative expenses)	11	11
	<hr/>	<hr/>
Total amount recognised in profit or loss	1,879	1,856
	<hr/> <hr/>	<hr/> <hr/>

**(e) Total cash outflow**

The Group had total cash outflows for leases (including short-term and low-value leases) of \$1,850,000 as at 31 December 2021 (31 December 2020: \$1,730,000), 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**

<b>Group</b>	<b>Computer software</b> \$'000	<b>Software under development</b> \$'000	<b>Goodwill</b> \$'000	<b>Contractual relationship</b> \$'000	<b>Customer relationships</b> \$'000	<b>Total</b> \$'000
<b>Cost</b>						
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 <sup>(1)</sup>
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	*	42	-	-	-	42
Currency translation differences	(14)	(3)	(387)	-	-	(404)
At 31 December 2021	537	149	41,865	5,300	155	48,006

\* Less than \$1,000

<sup>(1)</sup> 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
<b>Accumulated amortisation</b>						
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 year	23	-	-	530	32	585
Currency translation differences	(8)	-	-	-	-	(8)
At 31 December 2021	524	-	-	3,843	155	4,522
<b>Carrying amount</b>						
At 31 December 2020	42	110	42,252	1,987	32	44,423
At 31 December 2021	13	149	41,865	1,457	-	43,484

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.

	<b>31 December 2021 \$'000</b>	<b>31 December 2020 \$'000</b>
<b>Goodwill</b>		
<i>ISEC Eye Pte. Ltd. ("ISEC Eye")</i>	7,970	7,970
<i>Southern Specialist Eye Centre Sdn. Bhd. ("SSEC")</i>	12,151	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>	9,842	10,015
	<b>41,865</b>	<b>42,252</b>

The Group has assessed that there is no further impairment to the carrying amount of goodwill as at 31 December 2021 based on the CGU's business performance. The recoverable amounts of the CGUs have been determined based on the cash flow forecasts of the respective CGUs from financial budgets approved by management that uses a number of significant operational and predictive assumptions, covering a five-year period and projection to terminal year. The key assumptions for the value in use calculations are those regarding the revenue, terminal growth rates, and the pre-tax discount rates as follows:

	<b>Revenue growth rate</b>		<b>Terminal growth rate</b>		<b>Pre-tax discount rate</b>	
	<b>2022 to 2026 %</b>	<b>2021 to 2025 %</b>	<b>2021 %</b>	<b>2020 %</b>	<b>2021 %</b>	<b>2020 %</b>
ISEC Eye	6 – 13	3 – 23	1.0	1.1	17	18
SSEC	6 – 32	6 – 22	3.0	3.0	15	15
JLMBB	4 – 8	1 – 6	2.0	2.0	10	10
JLMS	4 – 5	3 – 4	2.0	2.0	10	10
JLMW	7	4 – 6	2.0	2.0	10	10
JLMYT	2 – 6	4 – 7	2.0	2.0	10	10
Indah Specialist	6 – 18	6 – 22	3.0	3.0	15	15

**11. Intangible assets (cont'd)**

Management estimates the discount rate using pre-tax rates that reflect current market assessment of the time value of money and the risks specific to each CGUs. The revenue and terminal growth rates are based on management's estimates and expectations from historical trends, impact of COVID-19 pandemic on market and economic conditions, industry indices and planned strategies on revenue growth and cost initiatives.

**Key assumptions used in the value in use calculations**

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

Revenue growth rates – The forecasted revenue growth rates are based on management's expectations for each CGU from historical trends, recovery from COVID-19 pandemic and planned business strategies, as well as long-term average growth rates of the healthcare industry in the respective countries.

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its CGUs and derived from its weighted average cost of capital ("WACC").

**Sensitivity analysis**

Management has determined the most likely revenue growth rates scenario from the alternate sets of cash flow scenarios based on their best estimates on the recovery to pre-COVID-19 levels. Management has taken into consideration the adverse effect on businesses arising from and the current evolving COVID-19 situation, as well as the historical trend (pre-COVID-19) and long term average growth rates of the healthcare industry in the respective countries.

**12. Non-controlling interests ("NCI")**

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

	<b>ISEC Myanmar</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
Proportion of ownership interest held by non-controlling interest (%)	49	49
Profit/(loss) after taxation allocated to NCI during the reporting period (\$'000)	26	(202)
Accumulated NCI at the end of reporting period (\$'000)	554	528

**12. Non-controlling interest (“NCI”) cont’d****(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	
	31 December 2021 \$'000	31 December 2020 \$'000
Non-current assets	740	1,420
Current assets	584	307
Non-current liabilities	(43)	(281)
Current liabilities	(316)	(270)
Net assets	965	1,176

**Summarised statement of comprehensive income**

	ISEC Myanmar			
	6 Months Ended		12 Months Ended	
	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000
Revenue	566	213	992	402
Profit/(loss) for the financial period/year, representing total comprehensive income	60	(194)	52	(415)

**Other summarised information**

	ISEC Myanmar			
	6 Months Ended		12 Months Ended	
	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000
Net cash generated from/(used in) operating activities	250	26	447	(334)
Net cash used in investing activities	(1)	(4)	(18)	(11)
Net cash (used in)/generated from financing activities	(61)	(69)	(150)	529
Net change in cash and cash equivalents	188	(47)	279	184

**13. Borrowing**

	<b>Group</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
	\$'000	\$'000
Current	849	866
Non-current	2,244	3,141

The Group's borrowing of S\$3.093 million (FY2020: \$4.007 million) is secured by the freehold land and building for which the loan was entered.

**14. Share capital**

	<b>Group and Company</b>			
	<b>31 December 2021</b>	<b>31 December 2020</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
	Number of ordinary shares		\$'000	
<b>Issued and fully paid:</b>				
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
Issuance of ordinary shares for the exercise of options granted under Share Option Scheme	49,614	-	14	-
Less: Share issue expenses	-	-	-	(16)
At 31 December	550,735,471	550,685,857	70,068	70,054
	<b>As at 31 December 2021</b>		<b>As at 31 December 2020</b>	
Total number of issued shares (excluding treasury shares)	550,349,071		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 31 December 2021, the number of ordinary shares in issue was 550,735,471 of which 386,400 were held by the Company as treasury shares. There were 386,400 treasury shares as at 31 December 2020.

**15. Treasury share reserve**

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

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

There were 386,400 treasury shares representing 0.070% of the Company's 550,349,071 (FY2020: 550,299,457) ordinary shares (excluding treasury shares) as at 31 December 2021 and 31 December 2020.

**16. Other reserves**

<b>Group</b>	<b>31 December 2021 \$'000</b>	<b>31 December 2020 \$'000</b>
Foreign currency translation reserve	(245)	567
Merger reserve	(3,572)	(3,572)
Capital reserve	(4,463)	(4,463)
Share option reserve	139	71
	<b>(8,141)</b>	<b>(7,397)</b>

*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 31 December 2021 and 31 December 2020.

**17. Earnings per share**

	Group 6 months ended		Group 12 months ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
<b>Earnings per share (“EPS”)</b>				
Profit attributable to owners of the parent (S\$’000)	3,743	4,055	6,905	4,690
Weighted average number of ordinary shares in issue (excluding treasury shares)	550,348,801	550,299,457	550,324,332	547,503,823
Basic (Singapore cents)	0.68	0.74	1.25	0.86
Adjusted weighted average number of ordinary shares in issue (excluding treasury shares) <sup>(1)</sup>	550,414,138	550,350,646	550,378,064	547,539,437
Fully diluted basis (Singapore cents)	0.68	0.74	1.25	0.86

(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	
	31 December 2021 \$’000	31 December 2020 \$’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
- First interim tax-exempt dividend for 2021: 0.75 cents (2020: nil) per share	4,128	-
	<hr/>	<hr/>
	8,530	2,662
	<hr/>	<hr/>
Proposed but not recognised as a liability as at 31 December:		
- Final tax-exempt dividends on ordinary shares for FY2021 of 0.30 cents (FY2020: 0.80 cents) per share, subject to shareholders’ approval at the Annual General Meeting	1,651	4,402
	<hr/>	<hr/>



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

### *Coronavirus 2019 (“COVID-19”) pandemic*

In Malaysia, the whole nation movement restriction ended on 3 January 2022. Despite having a high COVID-19 vaccination rate and active administering of the COVID-19 vaccination booster shot in the country as at the reporting date, Malaysia remains vigilant with the international travel restrictions rule given the current emergence of the highly transmissible Omicron variant all over the world. On 8 February 2022, it was made known to the public that the National Recovery Council (“**NRC**”) in Malaysia has proposed for the full reopening of the country’s border as early as 1 March 2022, without the need for mandatory quarantine (the “**NRC’s Proposal**”). However, the NRC’s Proposal is still subject to further discussion by the Malaysia’s Cabinet. 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. 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.

In Singapore, as part of the government’s efforts to rebuild its economy and prepare its nation to live with COVID-19, the nation continues to open its borders to more countries for quarantine-free travel. The nation is under the Transition Phase to COVID-19 Resilience, with certain measures and restrictions for dining-in, social gatherings, household visits and other activities in place, with the objective of relaxing certain measures in a careful and controlled manner. Booster vaccination shots and vaccination shots for children between 5 years and 11 years are rolled out. These are part of the government’s measures to ensure the current situation continues to remain stable, and allow us to progressively resume our social and economic activities.

Since early September 2021, the reported number of COVID-19 cases in Myanmar have been dropping and the number maintains at hundreds of reported cases daily during January 2022. However, Myanmar begins to see a surge in Omicron cases since early February 2022.

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 2022.

### *Political situation in Myanmar*

Myanmar’s military announced the extension of the state of emergency measure, which was due on 31 January 2022, for another six months. The military has been facing persistent opposition from anti-coup protesters. In the country’s largest city of Yangon, there have been sporadic attacks on military and police facilities, purportedly staged by pro-democracy forces. As at the date of the financial statements, ISEC Myanmar’s clinic is currently still operational. 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 2022 and will make further announcements as and when there are material updates in relation to the above matter.

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

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

- 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 31 December 2020. There were no options and share awards granted pursuant to the Company’s employee share options scheme and performance share plan as at 31 December 2021.

**Treasury Shares**

There were 386,400 (FY2020: 386,400) treasury shares representing 0.070% (FY2020: 0.070%) of the Company’s 550,349,071 (FY2020: 550,299,457) ordinary shares (excluding treasury shares) as at 31 December 2021.

**Subsidiary Holdings**

There were no subsidiary holdings as at 31 December 2021 and 31 December 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 12 months ended 31 December 2021 (“FY2021”) and 31 December 2020 (“FY2020”) where applicable.**

Consolidated Statement of Comprehensive Income

*Revenue*

The Group recorded revenue of S\$40.47 million in FY2021, an increase of 11% from S\$36.33 million in FY2020, mainly attributable to the revenue increase of S\$3.95 million in the specialised health services segment as a result of increased patient visits and business activities in the Group’s operations which is in line with the gradual resumption of business activity level of the Group from the adverse impact faced during the COVID-19 pandemic in 2020. This is mainly due to the implementation of a three-phased post-circuit breaker plan by the government in Singapore and the National Recovery Plan by the government in Malaysia towards the end of 2021 which loosened travel restriction rules within the countries which contributed to increased patient visits.

*Cost of sales*

Cost of sales increased by 11%, or S\$2.32 million to S\$22.59 million in FY2021, consistent with increased revenue of 11% in FY2021 when compared to FY2020.

*Gross profit and gross profit margin*

As a result of the above, gross profit increased by 11% to S\$17.88 million in FY2021. Gross profit margins in both FY2020 and FY2021 were consistent at 44.2%.

*Other income*

Other income decreased by S\$0.33 million, from S\$1.33 million in FY2020 to S\$0.99 million in FY2021, mainly due to decreased government grants of S\$0.19 million, rental rebates of S\$0.06 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\$0.70 million in FY2021, compared to S\$2.05 million in FY2020.

No impairment loss for goodwill was recognised in FY2021. The decrease was due to an impairment loss for goodwill totaling S\$1.48 million in FY2020, in the general health services segment, with S\$0.38 million relating to JL Medical (Bukit Batok) Pte. Ltd. (“**JLMBB**”), S\$0.30 million relating to JL Medical (Woodlands) Pte. Ltd. (“**JLMWL**”), and S\$0.80 million relating to JL Medical (Yew Tee) Pte. Ltd. (“**JLMYT**”) respectively, being recognised.

*Income tax expense*

The Group recorded income tax expenses of S\$2.21 million in FY2021, compared to S\$2.06 million in FY2020. The effective tax rates of the Group in FY2020 and FY2021 were 32% and 24% respectively. Had the impairment loss for goodwill been excluded, effective tax rates of the Group in FY2020 and FY2021 would be 26% and 24% respectively. The relatively higher effective tax rate in FY2020 was mainly due to the presence of non-deductible expenses of approximately S\$0.08 million recognised in relation to fees incurred for the purchase of land and building in Penang. The statutory corporate tax rates are 17% in Singapore, 24% in Malaysia and 25% in Myanmar.

Save for the above explanation, the increase in income tax expenses is in line with the higher profit before income tax attained in FY2021.

*Profit after tax*

The Group reported a net profit of S\$6.88 million in FY2021, an increase of S\$2.43 million from FY2020, mainly due to the aforementioned factors.

**Review of comparative financial position of the Group for the financial year ended 31 December 2021 and 31 December 2020.**

Consolidated Statement of Financial Position

*Non-current assets*

Non-current assets increased by S\$0.20 million to S\$59.85 million as at 31 December 2021. This was mainly attributable to the following:

- i) Property, plant and equipment additions of S\$0.19 million and renovation additions of S\$0.54 million, of which S\$0.41 million pertained to renovation of newly acquired building by ISEC Penang and S\$0.13 million pertained to renovation works by SSEC Malacca existing premise;
- ii) Right-of-use assets additions of S\$0.75 million, due to the leasing of clinic/office premises in Kuching by ISEC Kuching;
- iii) Right-of-use assets lease modification of S\$2.63 million, mainly due to the extension of clinic/office premises leasing period in ISEC KL;
- iv) Recognition of additional S\$0.09 million deferred tax assets mainly arising from the increased accounting provisions balance in ISEC KL that has temporary tax differences; and
- v) Deposit of S\$0.21 million pertaining to the 1% earnest deposit payment for the intended acquisition of property by ISEC KL as announced on 12 August 2021.

The increase in non-current assets was offset by:

- i) Depreciation expenses of right-of-use assets of S\$1.61 million;
- ii) Depreciation expenses of property, plant and equipment of S\$1.05 million;

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- iii) Amortisation expenses of S\$0.59 million on intangible assets that resulted in a decrease in intangible assets – others;
- iv) Currency translation losses of S\$0.39 million and S\$0.14 million on property, plant and equipment and right-of-use assets respectively; and
- v) Currency translation loss of S\$0.39 million on goodwill that arose from the acquisition of SSEC Malacca and Indah Specialist.

### *Current assets*

Current assets decreased by S\$1.00 million mainly due to the decrease in cash and cash equivalents of S\$1.63 million, due to reasons mentioned in the review of cash flows of the Group. The decrease in current assets was offset by a net increase in trade receivables of S\$0.60 million in line with the Group's increased business activities.

### *Non-current liabilities*

Non-current liabilities increased by S\$0.03 million to S\$7.88 million as at 31 December 2021. This was mainly attributable to the following:

- i) Net increase in lease liabilities of S\$1.60 million arising from the extension of clinic/office premises lease period in KL and the new leasing of Kuching clinic/office premises in 2021;

The increase is offset by:

- i) Partial repayment of bank loan (principal and interest) of S\$0.90 million undertaken for the purchase of freehold land and building by the Company's indirect subsidiary, ISEC Penang Sdn. Bhd., that resulted in a decrease in borrowings;
- ii) Net decrease in deferred tax liabilities of S\$0.11 million mainly due to reversal of deferred tax liability arising from the amortisation of intangible assets - contractual relationships; and
- iii) 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.

### *Current liabilities*

Current liabilities increased by S\$1.56 million to S\$10.50 million as at 31 December 2021 mainly attributable to the following:

- i) Net increase of payroll payable of S\$1.60 million due to higher staff-related remuneration and bonuses provided for as at 31 December 2021 resulting from the Group's increased business activities;
- ii) Net increases of trade payables of S\$0.54 million, advances and contract liabilities of S\$0.05 million, and accrued expenses of S\$0.33 million due to the Group's increased business activities;
- iii) Net increase of current income tax payable of S\$0.19 million, arising from tax provision for FY2021 of S\$2.40 million, less tax payment of S\$2.21 million; and
- iv) The reclassification of the purchase consideration vendors for the acquisition of Indah Specialist as elaborated above.

The increase was offset by:

- 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.

### *Equity attributable to owners of the Company*

The decrease in retained earnings was mainly attributable to the profits earned during the year, offset by the final and interim dividends paid to shareholders in respect of FY2021 and FY2020 respectively.

## **Review of cash flows of the Group for FY2021.**

### Consolidated Statement of Cash Flows

As at 31 December 2021, the Group had cash and cash equivalents of S\$22.49 million, as compared to S\$24.12 million of cash and cash equivalents as at 31 December 2020.

#### *Cash flows from operating activities*

In FY2021, net cash flows from operating activities was recorded at S\$12.30 million. This comprised operating cash flows before working capital changes of S\$12.53 million, and changes in working capital inflow of S\$1.98 million largely from trade and other payables of S\$2.56 million, offset by decrease in trade and other receivables of S\$0.57 million, both mainly resulted from increased business activities, less income tax paid amounting to S\$2.21 million.

#### *Cash flows used in investing activities*

Net cash used in investing activities in FY2021 amounted to S\$2.34 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\$0.73 million were made. The cash outflow was offset by interest income received of S\$0.22 million.

#### *Cash flows used in financing activities*

Net cash used in financing activities was S\$11.30 million in FY2021, mainly due to the following factors:

- i) Payment to shareholders in relation to final dividend in relation to FY2020 of S\$4.40 million and first interim dividend in relation to 3Q2021 of S\$4.13 million;
- ii) Repayment of lease liabilities and its corresponding finance costs of S\$1.84 million; and
- iii) Repayment of bank loan and its corresponding interest expense of S\$0.94 million.

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

Not applicable. No forecast or prospect statement 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.**

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 has commenced the renovation of ISEC Kuching’s premises and is targeting to start the Kuching eye clinic business operation in the second half of 2022 (“2H2022”). ISEC Penang’s newly acquired property has commenced renovation and the existing eye centre in Penang targets to move to the new premise in 2H2022.

ISEC KL had entered into a letter of offer for the proposed acquisition of one floor in a commercial building in Kuala Lumpur, Malaysia, as announced on 12 August 2021. As of the date of this announcement, the Company is still in the negotiation stages with the vendor and targets to finalise the definitive agreement by the second quarter of FY2022. The Company will make the necessary

announcements as and when there are further material developments on the aforementioned proposed acquisition and other key related matters that may be contemplated moving forward.

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.

## 11. Dividend

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

Yes.

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

Name of dividend	Final Dividend
Dividend type	Cash
Dividend rate	0.30 Singapore cents (S\$0.0030) per ordinary share
Tax rate	Tax exempt (one-tier)

**(ii) Previous corresponding period (cents)**

Name of dividend	Final Dividend
Dividend type	Cash
Dividend rate	0.80 Singapore cents (S\$0.0080) per ordinary share
Tax rate	Tax exempt (one-tier)

In addition, a first interim cash dividend (tax exempt one-tier) of 0.75 Singapore cents (S\$0.0075) per ordinary share was declared for the 3 months ended 30 September 2021 and paid on 8 November 2021.

**(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).**

The proposed final dividend is tax exempt (one-tier) dividend.

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

The proposed final dividend is subject to the approval of shareholders at the forthcoming annual general meeting of the Company ("AGM"). The dividends will be paid on 11 May 2022 if approved by shareholders.

**(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.**

Subject to the approval of shareholders at the forthcoming AGM, the Share Transfer Books and Register of Members of the Company will be closed at 5:00 p.m. on 4 May 2022 for the purpose of determining shareholders' entitlements to the proposed final tax exempt (one-tier) dividend in respect of the financial year ended 31 December 2021 ("**Proposed Dividend**").



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Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632 up to 5.00 p.m. on 4 May 2022 will be registered to determine shareholders' entitlements to the Proposed Dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with the Company's shares at 5.00 p.m. on 4 May 2022 will be entitled to the Proposed Dividend.

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

Not applicable.

**13. If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

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

There was no IPT of S\$100,000 and above for the financial year ended 31 December 2021.

**14. 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).

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

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

Please refer to “E. Notes to the Condensed Interim Financial Statements: 5. Segment information” above.

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

Performance by business segments

***Specialised health services:***

Revenue increased by S\$3.95 million, or 12%, from S\$32.82 million in FY2020 to S\$36.77 million in FY2021. The business activities have gradually increased in FY2021 mainly attributable to the implementation of the National Recovery Plan by the government in Malaysia and the three-phased post-circuit breaker plan in Singapore during 2H2021, as explained above. Nonetheless, the Group has yet to achieve the pre-COVID19 revenue level registered in FY2019 as the business has yet to enjoy the revenue attributable to the foreign patient visits.

Profit after tax increased by S\$0.97 million, or 19%, between both years mainly as a result of the Group’s increased business activities.

***General health services:***

Revenue increased by S\$0.19 million, or 5%, from S\$3.51 million in FY2020 to S\$3.70 million in FY2021. The revenue increase is mainly due to the gradual resumption of business activities of the Group from the adverse impact faced during the COVID-19 pandemic in 2020, as well as the increase in the number of test cases pertaining to the COVID-19 (i.e. Antigen Rapid Test and Polymerase Chain Reaction Test) performed by the clinics in FY2021.

Profit after tax increased by S\$1.46 million to S\$0.91 million in FY2021 compared to loss after tax of S\$0.55 million in FY2020. Had the impairment loss for goodwill been excluded, the profit after tax in FY2020 would be S\$0.94 million, a decrease of S\$0.03 million, or 3%, between FY2020 and FY2021, mainly due to decreased government grants and rental rebates in FY2021.

Performance by geographical segments

***Singapore operations:***

Revenue from Singapore operations increased by 23%, from S\$7.26 million in FY2020 to S\$8.95 million in FY2021. Since Singapore rolled out the COVID-19 vaccination exercise in late December 2020, Singapore has currently reached a vaccination rate of around 90% of the total population in the country which stands as one of the top 10 highest vaccination rate countries. In FY2021, the patient visits have relatively increased as compared to that in FY2020 with the relaxation of certain safety management measures within the country.

Profit after tax in FY2021 recorded at S\$1.57 million, an increase of S\$1.86 million compared to that in FY2020. Had the impairment loss for goodwill been excluded, the profit after tax in FY2021 would have shown an increase of S\$0.38 million, or 31.9%, compared to that in FY2020.

***Malaysia operations:***

In Malaysia, revenue increased by S\$1.86 million, or 6%, from S\$28.66 million in FY2020 to S\$30.52 million in FY2021. Malaysia re-entered into Movement Control Order (“MCO”) since 13 January 2021 which led to the slowing down of economic activity until February 2021 before transition to Conditional Movement Control Order (“CMCO”) on 5 March 2021. The country reinstated the MCO and further implemented stricter Full MCO (“FMCO”) since early May 2021 due to the surge of COVID-19 cases in the country.

With increasing number of fully-vaccinated people throughout the year, the country launched the National Recovery Plan aimed to slowly re-open the economy during the 2H2021. As a result, Malaysia operations started to recover since September 2021 and recorded an overall increase in sales in FY2021.

The profit after tax increased by 2% from S\$5.16 million in FY2020 to S\$5.26 million FY2021 mainly due to the increase in sales resulting from the Malaysia operation’s increased business activities.

***Myanmar operations:***

Revenue from Myanmar operations has increased from S\$0.40 million in FY2020 to S\$0.99 million in FY2021. The increase in sales is mainly attributable to the increase in patient visits during the year. Myanmar operations set up an offsite satellite clinic in one of the hospitals in Yangon and commenced operation in February 2021. This is a means to attract more patients to visit the ISEC Yangon Eye Hospital and, meanwhile, aimed to improve the ISEC branding recognition in the local market.

With huge improvement in sales performance, Myanmar operations recorded a profit after tax of S\$0.05 million in FY2021 (FY2020 loss after tax: S\$0.42 million).

**17. Breakdown of sales in the first half and second half of the financial year**

Please refer to “E. Notes to the Condensed Interim Financial Statements: 4. Disaggregation of revenue” above.

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

	<b>FY2021 (Unaudited) S\$'000</b>	<b>FY2020 (Audited) S\$'000</b>
Ordinary-Interim	4,128	-
Ordinary-Final	1,651 <sup>(1)</sup>	4,402
Special	-	-
Preference	-	-
<b>Total</b>	<b>5,779</b>	<b>4,402</b>

<sup>(1)</sup> Then proposed final cash dividend (tax exempt one-tier) of 0.30 Singapore cents (S\$0.0030) per ordinary share of the Company will be subject to approval by shareholders at the forthcoming annual general meeting to be convened.

**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 take an appropriate negative statement.**

Save as disclosed below, the Company confirms that there is 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 as at the date of this announcement.

<b>Name</b>	<b>Age</b>	<b>Family relationship with any director, chief executive officer and/or substantial shareholder</b>	<b>Current position and duties, and the year the position was held</b>	<b>Details of changes in duties and position held, if any, during the year</b>
Dr Lee Yeng Fen	56	Spouse of Dr Lee Hung Ming, Executive Vice Chairman	Group Medical Director, JLM Companies (2016)	None

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

As announced on 13 December 2021, the Company's indirect wholly-owned subsidiary, Southern Specialist Eye Centre Sdn. Bhd., had on 13 December 2021 incorporated a wholly-owned subsidiary in Malaysia, namely ISEC (Melaka) Sdn. Bhd. (the "**New Entity**"), by way of subscribing for 100,000 ordinary shares of Ringgit Malaysia ("**RM**") 1.00 each at cash consideration of RM100,000. The New Entity has a net asset value (unaudited) of RM100,000 as at 31 December 2021. The incorporation of the New Entity was funded by internal resources of the Group and is not expected to have any material impact on the consolidated net tangible assets per share or earnings per share of the Group for the financial year ending 31 December 2022.

**ISEC HEALTHCARE LTD.**

(Company Registration No.201400185H)

**BY ORDER OF THE BOARD**

Dr Lee Hung Ming

Executive Vice Chairman  
24 February 2022

*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.*

*The contact person for the Sponsor is Ms Gillian Goh, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.*