



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

Condensed Interim Financial Statements
For the six months and full year ended 31 December 2022

Index

Pages

A	Condensed Interim Consolidated Statements of Profit or Loss and Other Comprehensive Income	3
B	Condensed Interim Statements of Financial Position	7
C	Condensed Interim Consolidated Statements of Cash Flows	9
D	Condensed Interim Statements of Changes in Equity	12
E	Notes to the Condensed Interim Financial Statements	20
F	Other information Required by Appendix 7C of the Catalist Rules	44

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 2022 (Unaudited) S\$'000	31 December 2021 (Unaudited) S\$'000	Change %	31 December 2022 (Unaudited) S\$'000	31 December 2021 (Unaudited) S\$'000	Change %	31 December 2022 (Unaudited) S\$'000	31 December 2021 (Audited) S\$'000	Change %	
Revenue	4	17,349	13,234	31%	35,019	21,436	63%	62,954	40,469	56%
Cost of sales		(9,524)	(7,353)	30%	(19,084)	(12,021)	59%	(34,187)	(22,591)	51%
Gross profit		7,825	5,881	33%	15,935	9,415	69%	28,767	17,878	61%
<i>Other item of income</i>										
Other income		158	415	-62%	255	627	-59%	450	993	-55%
<i>Other items of expense</i>										
Selling and distribution expenses		(47)	(10)	>100%	(67)	(35)	91%	(119)	(57)	>100%
Administrative expenses		(2,928)	(2,506)	17%	(5,671)	(4,526)	25%	(10,312)	(8,613)	20%
Other expenses		(268)	(182)	47%	(749)	(298)	>100%	(1,452)	(703)	>100%
Finance costs		(167)	(95)	76%	(342)	(188)	82%	(555)	(400)	39%
Share of results of associate		-	3	-100%	-	(2)	-100%	(1)	(12)	-92%
Profit before income tax		4,573	3,506	30%	9,361	4,993	87%	16,778	9,086	85%
Income tax expense	6	(1,052)	(911)	15%	(2,201)	(1,254)	76%	(4,050)	(2,207)	84%
Profit for the financial period/year		3,521	2,595	36%	7,160	3,739	91%	12,728	6,879	85%

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

<i>Voluntary Disclosure</i>									
Note	Group 3 Months Ended			Group 6 Months Ended			Group 12 Months Ended		
	31 December 2022 (Unaudited) S\$'000	31 December 2021 (Unaudited) S\$'000	Change %	31 December 2022 (Unaudited) S\$'000	31 December 2021 (Unaudited) S\$'000	Change %	31 December 2022 (Unaudited) S\$'000	31 December 2021 (Audited) S\$'000	Change %
Other comprehensive income									
<i>Items that may be reclassified subsequently to profit or loss:</i>									
Foreign currency translation of subsidiaries									
	(636)	(104)	>100%	(1,631)	(55)	>100%	(2,433)	(813)	>100%
Other comprehensive income for the financial period/year, net of tax									
	(636)	(104)	>100%	(1,631)	(55)	>100%	(2,433)	(813)	>100%
Total comprehensive income for the financial period/year									
	2,885	2,491	16%	5,529	3,684	50%	10,295	6,066	70%
Profit attributable to:									
Owners of the parent									
	3,418	2,539	35%	7,036	3,743	88%	12,520	6,905	81%
Non-controlling interests									
	103	56	84%	124	(4)	NM	208	(26)	NM
Profit for the financial period/year									
	3,521	2,595	36%	7,160	3,739	91%	12,728	6,879	85%
Total comprehensive income attributable to:									
Owners of the parent									
	2,785	2,435	14%	5,416	3,688	47%	10,097	6,093	66%
Non-controlling interests									
	100	56	79%	113	(4)	NM	198	(27)	NM
Total comprehensive income for the financial period/year									
	2,885	2,491	16%	5,529	3,684	50%	10,295	6,066	70%
Earnings per share									
- basic (in cents)									
18	0.60	0.46	30%	1.23	0.68	81%	2.22	1.25	78%
- diluted (in cents)									
18	0.60	0.46	30%	1.23	0.68	81%	2.22	1.25	78%

NM – Not meaningful

ISEC HEALTHCARE LTD.

(Company Registration No.201400185H)

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			6 Months Ended			12 Months Ended		
	31 December	31 December	Change	31 December	31 December	Change	31 December	31 December	Change
2022	2021		2022	2021		2022	2021		
(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)		(Unaudited)	(Audited)		
S\$'000	S\$'000	%	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Depreciation of property, plant and equipment – cost of sales	182	135	35%	367	301	22%	705	640	10%
Depreciation of right-of-use assets – cost of sales	145	132	10%	291	252	15%	551	492	12%
Depreciation of property, plant and equipment – administrative expenses	122	143	-15%	261	231	13%	463	414	12%
Depreciation of right-of-use assets – administrative expenses	304	284	7%	608	565	8%	1,197	1,119	7%
Amortisation of intangible assets – other expenses	132	141	-6%	265	281	-6%	530	562	-6%
Amortisation of intangible assets – administrative expenses	2	3	-33%	3	8	-63%	9	23	-61%
Interest income	(65)	(58)	12%	(112)	(115)	-3%	(223)	(215)	4%
Interest income – net investment in sublease	(1)	*	>100%	(1)	(1)	0%	(3)	(5)	-40%
Other income – government grants	(76)	(165)	-54%	(97)	(236)	-59%	(154)	(449)	-66%
Other income – rental rebate	-	(21)	-100%	-	(66)	-100%	(3)	(74)	-96%
Other income – gain on lease modification	(8)	-	NM	(8)	-	NM	(8)	-	NM
Interest expense – lease liabilities	111	68	63%	215	127	69%	366	259	41%

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 (cont'd):

	<i>Voluntary Disclosure</i>								
	Group			Group			Group		
	3 Months Ended			6 Months Ended			12 Months Ended		
	31 December 2022 (Unaudited) S\$'000	31 December 2021 (Unaudited) S\$'000	Change %	31 December 2022 (Unaudited) S\$'000	31 December 2021 (Unaudited) S\$'000	Change %	31 December 2022 (Unaudited) S\$'000	31 December 2021 (Audited) S\$'000	Change %
Interest expense – loans	17	23	-26%	43	47	-9%	84	99	-15%
Loss on exchange differences - net	122	35	>100%	425	11	>100%	681	132	>100%
Gain on disposal of property, plant and equipment	-	-	NM	-	-	NM	(2)	-	NM
Property, plant and equipment written-off	19	2	>100%	20	2	>100%	24	3	>100%
(Write-back of)/allowance for expected credit losses, net	(26)	7	NM	9	3	>100%	28	4	>100%
Bad debts written off	33	-	NM	33	-	NM	33	-	NM
Loss on disposal of associate	-	-	NM	-	-	NM	155	-	NM
Share-based compensation expense	5	14	-64%	10	27	-63%	31	68	-54%
Forfeiture of share options	(2)	-	NM	(28)	-	NM	(28)	-	NM
Profit guarantee from vendors ⁽¹⁾ of subsidiaries acquired	-	(165)	-100%	-	(165)	-100%	-	(165)	-100%

NM – Not meaningful

* Less than \$1,000

(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 2022 (Unaudited) S\$'000	31 December 2021 (Audited) S\$'000	31 December 2022 (Unaudited) S\$'000	31 December 2021 (Audited) S\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	9	16,316	9,428	86	9
Right-of-use assets	10	10,877	6,382	162	50
Intangible assets - goodwill	11	54,215	41,865	-	-
Intangible assets - others	11	1,074	1,619	-	-
Investment in subsidiaries		-	-	62,487	56,855
Investment in associate		-	156	-	-
Net investment of sublease	10	-	50	-	-
Deposits		-	207	-	-
Deferred tax assets		196	140	7	7
		<u>82,678</u>	<u>59,847</u>	<u>62,742</u>	<u>56,921</u>
Current assets					
Inventories		1,874	1,271	-	-
Trade receivables, net ⁽¹⁾		4,093	2,941	-	-
Other receivables and deposits		656	804	14,807	14,169
Prepayments		293	271	28	28
Net investment of sublease	10	50	58	-	-
Current tax assets		18	-	-	-
Cash and cash equivalents ⁽¹⁾		20,633	22,494	5,045	1,867
		<u>27,617</u>	<u>27,839</u>	<u>19,880</u>	<u>16,064</u>
TOTAL ASSETS		<u>110,295</u>	<u>87,686</u>	<u>82,622</u>	<u>72,985</u>
EQUITY AND LIABILITIES					
EQUITY					
Share capital	14	75,484	70,068	75,484	70,068
Treasury share reserve	15	(105)	(105)	(105)	(105)
Other reserves	16	(10,561)	(8,141)	142	139
Retained earnings		15,054	6,932	6,621	2,474
Equity attributable to owners of Company		<u>79,872</u>	<u>68,754</u>	<u>82,142</u>	<u>72,576</u>
Non-controlling interests	12	1,470	553	-	-
TOTAL EQUITY		<u>81,342</u>	<u>69,307</u>	<u>82,142</u>	<u>72,576</u>
LIABILITIES					
Non-current liabilities					
Other payables		1,040	-	-	-
Borrowings	13	1,767	2,244	-	-
Lease liabilities	10	9,573	5,212	131	-
Deferred tax liabilities		299	273	-	-
Provisions		178	153	13	21
		<u>12,857</u>	<u>7,882</u>	<u>144</u>	<u>21</u>

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

	Note	Group		Company	
		31 December 2022 (Unaudited) S\$'000	31 December 2021 (Audited) S\$'000	31 December 2022 (Unaudited) S\$'000	31 December 2021 (Audited) S\$'000
Current liabilities					
Trade payables		1,980	1,634	-	-
Other payables		4,588	1,546	59	35
Advances and contract liabilities		674	263	-	-
Accrued expenses		933	839	130	193
Payroll payable		3,604	2,760	106	78
Borrowings	13	826	849	-	-
Lease liabilities	10	1,652	1,560	33	55
Current income tax payable		1,829	1,036	8	27
Provisions		10	10	-	-
		<u>16,096</u>	<u>10,497</u>	<u>336</u>	<u>388</u>
TOTAL LIABILITIES		<u>28,953</u>	<u>18,379</u>	<u>480</u>	<u>409</u>
TOTAL EQUITY AND LIABILITIES		<u>110,295</u>	<u>87,686</u>	<u>82,622</u>	<u>72,985</u>

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

	Group		Company	
	31 December 2022 S\$'000	31 December 2021 S\$'000	31 December 2022 S\$'000	31 December 2021 S\$'000
Trade receivables, net denominated in the following currencies:				
Singapore Dollar	1,393	1,175	-	-
Ringgit Malaysia	2,679	1,750	-	-
Myanmar Kyat	21	16	-	-
	<u>4,093</u>	<u>2,941</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents denominated in the following currencies:				
Singapore Dollar	8,970	4,862	5,045	1,867
Ringgit Malaysia	10,978	17,194	-	-
Myanmar Kyat	623	395	-	-
United States Dollar	62	43	-	-
	<u>20,633</u>	<u>22,494</u>	<u>5,045</u>	<u>1,867</u>

C. Condensed Interim Consolidated Statements of Cash Flows

	<i>Voluntary Disclosure</i>					
	Group		Group		Group	
	3 Months Ended		6 Months Ended		12 Months Ended	
Note	31 December 2022 (Unaudited) S\$'000	31 December 2021 (Unaudited) S\$'000	31 December 2022 (Unaudited) S\$'000	31 December 2021 (Unaudited) S\$'000	31 December 2022 (Unaudited) S\$'000	31 December 2021 (Audited) S\$'000
Cash flows from operating activities						
Profit before income tax	4,573	3,506	9,361	4,993	16,778	9,086
Adjustments for:						
(Write-back of)/allowance for expected credit losses, net	(26)	7	9	3	28	4
Amortisation of intangible assets	11 134	144	268	289	539	585
Depreciation of property, plant and equipment and right-of-use assets	9,10(a) 753	694	1,527	1,349	2,916	2,665
Other income from rental rebates	10 -	(21)	-	(66)	(3)	(74)
Interest income	(66)	(58)	(113)	(116)	(226)	(220)
Interest expense	167	95	342	188	555	400
Gain on lease modification	(8)	-	(8)	-	(8)	-
Gain on disposal of property, plant and equipment	-	-	-	-	(2)	-
Property, plant and equipment written-off	9 19	2	20	2	24	3
Share-based compensation expense	5	14	10	27	31	68
Forfeiture of share options	(2)	-	(28)	-	(28)	-
Write-back of provision for restoration costs	(21)	-	(21)	-	(21)	-
Bad debts written off	33	-	33	-	33	-
Loss on disposal of associate	-	-	-	-	155	-
Share of results of associate	-	(3)	-	2	1	12
Operating cash flows before working capital changes	5,561	4,380	11,400	6,671	20,772	12,529
Working capital changes:						
- Inventories	22	(41)	(185)	17	(496)	23
- Trade and other receivables	83	(877)	560	(74)	542	(567)
- Prepayments	25	(26)	(8)	(50)	(31)	(31)
- Trade and other payables	(7)	2,291	110	2,671	521	2,554
Cash generated from operations	5,684	5,727	11,877	9,235	21,308	14,508
Income tax paid	(1,004)	(533)	(2,401)	(1,094)	(3,461)	(2,208)
Income tax refunded	1	-	1	-	1	-
Net cash generated from operating activities	4,681	5,194	9,477	8,141	17,848	12,300

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

	Note	<i>Voluntary Disclosure</i>		Group		Group	
		Group		Group		Group	
		3 Months Ended		6 Months Ended		12 Months Ended	
		31 December 2022 (Unaudited) S\$'000	31 December 2021 (Unaudited) S\$'000	31 December 2022 (Unaudited) S\$'000	31 December 2021 (Unaudited) S\$'000	31 December 2022 (Unaudited) S\$'000	31 December 2021 (Audited) S\$'000
Cash flows from investing activities							
Payment to vendors ⁽¹⁾		-	-	-	-	(577)	(1,765)
Purchase of property, plant and equipment	9	(1,658)	(125)	(3,490)	(497)	(5,713)	(733)
Proceeds from disposal of property, plant and equipment		-	-	-	-	3	-
Purchase of intangible assets	11	(2)	(17)	(2)	(17)	(2)	(58)
Acquisition of a subsidiaries, net of cash acquired		-	-	-	-	(5,534)	-
Interest received		66	61	112	117	223	217
Net cash used in investing activities		(1,594)	(81)	(3,380)	(397)	(11,600)	(2,339)
Cash flows from financing activities							
Dividends paid		-	(4,128)	(2,747)	(4,128)	(4,398)	(8,530)
Share issue expenses	14	-	-	-	-	(16)	-
Proceeds from exercise of share options		-	-	-	14	-	14
Subscription of share in a subsidiary by non-controlling interest		293	-	293	-	293	-
Principal element of lease liabilities, net	10	(490)	(354)	(902)	(749)	(1,770)	(1,582)
Interest paid – lease liabilities	10	(111)	(70)	(214)	(139)	(363)	(254)
Repayment of loan		(212)	(211)	(426)	(420)	(844)	(843)
Interest paid – loan		(7)	(21)	(27)	(47)	(69)	(101)
Net cash used in financing activities		(527)	(4,784)	(4,023)	(5,469)	(7,167)	(11,296)
Net increase/(decrease) in cash and cash equivalents		2,560	329	2,074	2,275	(919)	(1,335)
Cash and cash equivalents at beginning of financial period/year		18,257	22,217	19,073	20,401	22,494	24,124
Effects of exchange rate changes on cash and cash equivalents		(184)	(52)	(514)	(182)	(942)	(295)
Cash and cash equivalents at end of financial period/year		20,633	22,494	20,633	22,494	20,633	22,494

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. During 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. The remaining 10% balance of the total cash consideration of RM1,793,280 (or S\$577,000) was paid to the vendors in the financial period ended 31 March 2022 ("1Q2022"). As at the date of this announcement, the consideration has been fully settled.

D. Condensed Interim Statements of Changes in Equity

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 January 2022		70,068	(105)	(245)	(3,572)	(4,463)	139	6,932	68,754	553	69,307
Profit for the financial period		-	-	-	-	-	-	5,484	5,484	84	5,568
Other comprehensive income											
Foreign currency translation		-	-	(803)	-	-	-	-	(803)	1	(802)
Total comprehensive income for the financial period		-	-	(803)	-	-	-	5,484	4,681	85	4,766
Transactions with owners of the Company											
Issuance of ordinary shares ⁽¹⁾		5,472	-	-	-	-	-	-	5,472	-	5,472
Share issue expenses		(16)	-	-	-	-	-	-	(16)	-	(16)
Dividends	19	-	-	-	-	-	(1,651)	(1,651)	(1,651)	-	(1,651)
Share-based compensation expense ⁽²⁾		-	-	-	-	-	21	-	21	-	21
Total transactions with owners of the Company		5,456	-	-	-	-	21	(1,651)	3,826	-	3,826
Transaction with non-controlling interests											
Arising from acquisition ⁽³⁾		-	-	-	-	-	-	-	-	403	403
Total transaction with non-controlling interests		-	-	-	-	-	-	-	-	403	403
At 30 June 2022		75,524	(105)	(1,048)	(3,572)	(4,463)	160	10,765	77,261	1,041	78,302

(1) On 26 May 2022, the Company, through its wholly-owned subsidiary, ISEC Sdn. Bhd. ("ISEC KL"), completed the acquisition of IE Centre Sdn. Bhd. ("IE Centre") and Kampar Eye Sdn. Bhd. ("Kampar Eye"), by way of the allotment and issuance of 21,881,135 consideration shares, equivalent to fair value consideration of S\$5,472,000 to the Vendors.

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

(3) On 26 May 2022, the Company, through its wholly-owned subsidiary, ISEC KL, completed the acquisition of 50% plus 1 ordinary share each of ME Centre Sdn Bhd ("ME Centre"), TE Centre Sdn Bhd ("TE Centre") and Taiping Eye Sdn Bhd ("Taiping Eye") respectively, by way of subscription of 500,001 new ordinary shares in each of the respective entities at an offer price of approximately \$0.315 (RM1.00) per share, with total net identifiable assets at fair value of S\$807,000 (equivalent to RM2,555,000).

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

Group (Unaudited)	Attributable to owners of the company									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	Non-controlling interests	
Note	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 July 2022	75,524	(105)	(1,048)	(3,572)	(4,463)	160	10,765	77,261	1,041	78,302
Profit for the financial period	-	-	-	-	-	-	3,618	3,618	21	3,639
Other comprehensive income										
Foreign currency translation	-	-	(987)	-	-	-	-	(987)	(8)	(995)
Total comprehensive income for the financial period	-	-	(987)	-	-	-	3,618	2,631	13	2,644
Transactions with owners of the Company										
Dividends	-	-	-	-	-	-	(2,747)	(2,747)	-	(2,747)
Share-based compensation expense ⁽¹⁾	-	-	-	-	-	5	-	5	-	5
Forfeiture of share options ⁽²⁾	-	-	-	-	-	(26)	-	(26)	-	(26)
Total transactions with owners of the Company	-	-	-	-	-	(21)	(2,747)	(2,768)	-	(2,768)
At 30 September 2022	75,524	(105)	(2,035)	(3,572)	(4,463)	139	11,636	77,124	1,054	78,178

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

(2) The forfeiture of share options refers to participants who left the Group and hence no longer eligible for the options as at 30 September 2022.

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

Group (Unaudited)	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	S\$'000		
At 1 October 2022	75,524	(105)	(2,035)	(3,572)	(4,463)	139	11,636	77,124	1,054	78,178	
Profit for the financial period	-	-	-	-	-	-	3,418	3,418	103	3,521	
Other comprehensive income											
Foreign currency translation	-	-	(633)	-	-	-	-	(633)	(3)	(636)	
Total comprehensive income for the financial period	-	-	(633)	-	-	-	3,418	2,785	100	2,885	
Transactions with owners of the Company											
Fair valuation of the ordinary shares issued ⁽¹⁾	(40)	-	-	-	-	-	-	(40)	-	(40)	
Share-based compensation expense ⁽²⁾	-	-	-	-	-	5	-	5	-	5	
Forfeiture of share options ⁽³⁾	-	-	-	-	-	(2)	-	(2)	-	(2)	
Total transactions with owners of the Company	(40)	-	-	-	-	3	-	(37)	-	(37)	
Transactions with non-controlling interests											
Subscription of share in a subsidiary by non-controlling interest ⁽⁴⁾	-	-	-	-	-	-	-	-	293	293	
Arising from fair valuation of acquisition ⁽⁵⁾	-	-	-	-	-	-	-	-	23	23	
Total transactions with non-controlling interests	-	-	-	-	-	-	-	-	316	316	
At 31 December 2022	75,484	(105)	(2,668)	(3,572)	(4,463)	142	15,054	79,872	1,470	81,342	

(1) On 26 May 2022, the Company, through its wholly-owned subsidiary, ISEC Sdn. Bhd. ("ISEC KL"), completed the acquisition of IE Centre Sdn. Bhd. ("IE Centre") and Kampar Eye Sdn. Bhd. ("Kampar Eye"), by way of the allotment and issuance of 21,881,135 consideration shares, equivalent to fair value consideration of S\$5,472,000 to the Vendors. The fair value consideration was revised from S\$5,472,000 to S\$5,432,000 in 4Q2022 following an independent valuation assessment performed on the consideration shares.

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

(3) The forfeiture of share options refers to participants who left the Group and hence no longer eligible for the options as at 31 December 2022.

(4) During the 3 months financial period ended 31 December 2022, ISEC (Kuching) Sdn. Bhd. ("ISEC Kuching"), a 51% owned indirect subsidiary of the Company through its wholly-owned subsidiary, ISEC KL, increased its share capital from S\$3,000 (equivalent to RM10,000) to S\$602,000 (equivalent to RM2,000,000), through issuance of shares allotted to the existing shareholders of the subsidiary in equal proportion to their existing shareholdings.

(5) The fair value of the net identifiable assets of ME Centre was revised upwards by S\$46,000 (equivalent to RM150,000) following an independent valuation assessment performed.

ISEC HEALTHCARE LTD.

(Company Registration No.201400185H)

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	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
Transactions with owners of the Company											
Dividends	19	-	-	-	-	-	-	(4,402)	(4,402)	-	(4,402)
Share-based compensation expense ⁽¹⁾		-	-	-	-	-	41	-	41	-	41
Total transactions 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)

Group (Unaudited)	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	S\$'000		
At 1 July 2021	70,054	(105)	(190)	(3,572)	(4,463)	112	7,317	69,153	557	69,710	
Profit for the financial period	-	-	-	-	-	-	1,204	1,204	(60)	1,144	
Other comprehensive income											
Foreign currency translation	-	-	49	-	-	-	-	49	-	49	
Total comprehensive income for the financial period	-	-	49	-	-	-	1,204	1,253	(60)	1,193	
Transactions with owners of the Company											
Share-based compensation expense ⁽¹⁾	-	-	-	-	-	13	-	13	-	13	
Issuance of ordinary shares ⁽²⁾	14	-	-	-	-	-	-	14	-	14	
Total transactions with owners of the Company	14	-	-	-	-	13	-	27	-	27	
At 30 September 2021	70,068	(105)	(141)	(3,572)	(4,463)	125	8,521	70,433	497	70,930	

(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)

Group (Unaudited)	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	S\$'000		
At 1 October 2021	70,068	(105)	(141)	(3,572)	(4,463)	125	8,521	70,433	497	70,930	
Profit for the financial period	-	-	-	-	-	-	2,539	2,539	56	2,595	
Other comprehensive income											
Foreign currency translation	-	-	(104)	-	-	-	-	(104)	-	(104)	
Total comprehensive income for the financial period	-	-	(104)	-	-	-	2,539	2,435	56	2,491	
Transactions with owners of the Company											
Dividends	-	-	-	-	-	-	(4,128)	(4,128)	-	(4,128)	
Share-based compensation expense ⁽¹⁾	-	-	-	-	-	14	-	14	-	14	
Total transactions with owners of the Company	-	-	-	-	-	14	(4,128)	(4,114)	-	(4,114)	
At 31 December 2021	70,068	(105)	(245)	(3,572)	(4,463)	139	6,932	68,754	553	69,307	

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

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

	Note	Share capital S\$'000	Treasury share reserve S\$'000	Share option reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
Company (Unaudited)						
At 1 January 2022		70,068	(105)	139	2,474	72,576
Profit for the financial period, representing total comprehensive income for the financial period		-	-	-	2,412	2,412
Transactions with owners of the Company						
Issuance of ordinary shares ⁽¹⁾	14	5,472	-	-	-	5,472
Share issue expenses	14	(16)	-	-	-	(16)
Dividends	19	-	-	-	(1,651)	(1,651)
Share-based compensation expense ⁽²⁾		-	-	21	-	21
Total transactions with owners of the Company		5,456	-	21	(1,651)	3,826
At 30 June 2022		75,524	(105)	160	3,235	78,814
At 1 July 2022		75,524	(105)	160	3,235	78,814
Profit for the financial period, representing total comprehensive income for the financial period		-	-	-	6,133	6,133
Transactions with owners of the Company						
Fair valuation of the ordinary shares issued ⁽¹⁾	14	(40)	-	-	-	(40)
Dividends	19	-	-	-	(2,747)	(2,747)
Share-based compensation expense ⁽²⁾		-	-	10	-	10
Forfeiture of share options ⁽³⁾		-	-	(28)	-	(28)
Total transactions with owners of the Company		(40)	-	(18)	(2,747)	(2,805)
At 31 December 2022		75,484	(105)	142	6,621	82,142

(1) On 26 May 2022, the Company, through its wholly-owned subsidiary, ISEC Sdn. Bhd. ("ISEC KL"), completed the acquisition of IE Centre Sdn. Bhd. ("IE Centre") and Kampar Eye Sdn. Bhd. ("Kampar Eye"), by way of the allotment and issuance of 21,881,135 consideration shares, equivalent to fair value consideration of S\$5,472,000 to the Vendors. The fair value consideration was revised from S\$5,472,000 to S\$5,432,000 in 4Q2022 following an independent valuation assessment performed on the consideration shares.

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

(3) The forfeiture of share options refers to participants who left the Group and hence no longer eligible for the options as at 31 December 2022.

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

	Note	Share capital S\$'000	Treasury share reserve S\$'000	Share option reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
Company (Unaudited)						
At 1 January 2021		70,054	(105)	71	5,033	75,053
Profit for the financial period, representing total comprehensive income for the financial period		-	-	-	1,169	1,169
Transactions with owners of the Company						
Dividends	19	-	-	-	(4,402)	(4,402)
Share-based compensation expense ⁽¹⁾		-	-	41	-	41
Total transactions with owners of the Company		-	-	41	(4,402)	(4,361)
At 30 June 2021		70,054	(105)	112	1,800	71,861
At 1 July 2021		70,054	(105)	112	1,800	71,861
Profit for the financial period, representing total comprehensive income for the financial period		-	-	-	4,802	4,802
Transactions with owners of the Company						
Dividends	19	-	-	-	(4,128)	(4,128)
Share-based compensation expense ⁽¹⁾		-	-	27	-	27
Issuance of ordinary shares ⁽²⁾	14	14	-	-	-	14
Total transactions with owners of the Company		14	-	27	(4,128)	(4,087)
At 31 December 2021		70,068	(105)	139	2,474	72,576

(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.

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 51 Goldhill Plaza #10-07/08 Singapore 308900. 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 treatment services.

2. Basis of preparation

The condensed interim financial statements for the six-month period ended 31 December 2022 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 2021.

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 notes:

Note 11 – Goodwill impairment assessment

Note 17 – Acquisition of subsidiaries

3. Seasonal operations

In view of the stabilising COVID-19 situation, there has been gradual resumption of travel, business and lifestyle activities globally, translating to an increase in overall revenue across all geographical segments of our Group's operations.

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

4. Disaggregation of revenue

	For six-month period ended 31 December					
	General health services		Specialised health services		Total	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Types of goods or services</u>						
Consultation, medication and procedures	2,212	1,887	32,807	19,549	35,019	21,436
<u>Timing of transfer of goods or services</u>						
At a point in time	2,187	1,863	32,807	19,549	34,994	21,412
Over time	25	24	-	-	25	24
	2,212	1,887	32,807	19,549	35,019	21,436

	For twelve-month period ended 31 December					
	General health services		Specialised health services		Total	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Types of goods or services</u>						
Consultation, medication and procedures	4,440	3,697	58,514	36,772	62,954	40,469
<u>Timing of transfer of goods or services</u>						
At a point in time	4,391	3,648	58,514	36,772	62,905	40,420
Over time	49	49	-	-	49	49
	4,440	3,697	58,514	36,772	62,954	40,469

	Group		
	For financial year ended		
	31 December 2022	31 December 2021	Change
	\$'000	\$'000	%
Sales reported for the first half year	27,935	19,033	47%
Operating profit after tax before deducting non-controlling interests reported for first half year	5,568	3,140	77%
Sales reported for second half year	35,019	21,436	63%
Operating profit after tax before deducting non-controlling interests reported for second half year	7,160	3,739	91%

4. Disaggregation of revenue (cont'd)

(a) Contract liabilities

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

	31 December 2022	31 December 2021
	\$'000	\$'000
Contract liabilities, included in advances and contract liabilities	56	42

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

Changes in contract liabilities are highlighted as follows:

	For six-month period ended 31 December		For twelve-month period ended 31 December	
	2022	2021	2021	2021
	\$'000	\$'000	\$'000	\$'000
Revenue recognised that was included in the contract liability balance at the beginning of the period	5	8	15	20

(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

	Group		Group	
	For six-month period ended		For twelve-month period	
	31 December		ended 31 December	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Segment revenue				
Specialised health services	32,807	19,549	58,514	36,772
General health services	2,212	1,887	4,440	3,697
	35,019	21,436	62,954	40,469
Segment profit after tax				
Specialised health services	6,674	3,240	11,786	5,969
General health services	486	499	942	910
	7,160	3,739	12,728	6,879

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	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Impairment loss for goodwill				
Specialised health services	-	-	-	-
General health services	-	-	-	-
	-	-	-	-
Depreciation of property, plant and equipment and right-of-use assets				
Specialised health services	1,394	1,217	2,651	2,401
General health services	133	132	265	264
	1,527	1,349	2,916	2,665

	Group	
	31 December	31 December
	2022	2021
	\$'000	\$'000
Additions to property, plant and equipment		
Specialised health services	5,927	723
General health services	40	4
	5,967	727

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	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Segment revenue				
Singapore	6,017	4,399	11,342	8,953
Malaysia	27,955	16,471	49,696	30,524
Myanmar	1,047	566	1,916	992
	35,019	21,436	62,954	40,469

5. Segment information (cont'd)

Geographical information (cont'd)

	Group		Group	
	For six-month period ended		For twelve-month period	
	31 December		ended 31 December	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Segment profit after tax				
Singapore	900	841	1,617	1,566
Malaysia	5,949	2,838	10,610	5,261
Myanmar	311	60	501	52
	<u>7,160</u>	<u>3,739</u>	<u>12,728</u>	<u>6,879</u>
Impairment loss for goodwill				
Singapore	-	-	-	-
Malaysia	-	-	-	-
Myanmar	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Depreciation of property, plant and equipment and right-of-use assets				
Singapore	171	188	345	375
Malaysia	1,253	1,035	2,358	2,001
Myanmar	103	126	213	289
	<u>1,527</u>	<u>1,349</u>	<u>2,916</u>	<u>2,665</u>
Additions to property, plant and equipment				
Singapore			127	4
Malaysia			5,816	702
Myanmar			24	21
			<u>5,967</u>	<u>727</u>

Major customers

Revenue is mainly derived from the walk-in patients who are the general public. Due to the diverse base of customers to which the Group renders services, the Group is generally not reliant on any customer for its sales and no one single customer accounted for 5% or more of the Group's total revenue except for 1 (31 December 2021: 2) corporate customer, which in total had contributed to 8% (31 December 2021: 15%) of the Group's total revenue for the financial period ended 31 December 2022.

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		Group	
	For six-month period ended 31 December		For twelve-month period ended 31 December	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Current income tax expense	2,264	1,401	4,162	2,402
Deferred income tax (credit) relating to origination and reversal of temporary differences	(63)	(147)	(112)	(195)
	<u>2,201</u>	<u>1,254</u>	<u>4,050</u>	<u>2,207</u>

7. Net Asset Value

	Group		Company	
	31	31	31	31
	December 2022 (Unaudited)	December 2021 (Audited)	December 2022 (Unaudited)	December 2021 (Audited)
Net asset value attributable to owners of the Company (S\$'000)	79,872	68,754	82,142	72,576
Number of ordinary shares in issue (excluding treasury shares)	572,230,206	550,349,071	572,230,206	550,349,071
Net asset value per ordinary share (S\$)	0.14	0.12	0.14	0.13

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 borrowings, 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	Land and buildings \$'000	Total \$'000
Cost									
At 1 January 2021	617	584	56	7,404	692	2,308	908	5,363	17,932
Additions	15	-	-	156	21	123	412	-	727 ⁽¹⁾
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 and 1 January 2022	594	565	55	7,019	656	2,346	1,300	5,271	17,806
Acquisition of subsidiaries	23	91	7	690	284	344	778	708	2,925
Additions	391	1,349	-	864	284	679	853	1,547	5,967 ⁽¹⁾
Disposals	(13)	-	-	-	-	-	-	-	(13)
Written-off	(8)	(437)	-	(715)	(85)	(547)	-	-	(1,792)
Reclassification	-	-	-	-	-	30	(1,494)	1,464	-
Currency translation differences	(50)	(43)	(4)	(554)	(74)	(172)	(188)	(341)	(1,426)
At 31 December 2022	937	1,525	58	7,304	1,065	2,680	1,249	8,649	23,467

(1) During the financial year ended 31 December 2022, \$437,000 (FY2021: \$235,000) of the property, plant and equipment purchased remained unpaid and was included in other payables of the financial statements. The remaining \$52,000 (FY2021: nil) of the property, plant and equipment additions relates to the provision for the restoration costs which is a non-cash transaction.

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	Land and buildings \$'000	Total \$'000
Accumulated depreciation									
At 1 January 2021	460	445	34	4,782	437	1,633	-	-	7,791
Depreciation charge for the year	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 and 1 January 2022	492	481	45	5,086	510	1,764	-	-	8,378
Depreciation charge for the year	86	63	11	705	102	201	-	-	1,168
Disposals	(12)	-	-	-	-	-	-	-	(12)
Written-off	(8)	(432)	-	(710)	(83)	(535)	-	-	(1,768)
Reclassification	-	-	-	-	-	-	-	-	-
Currency translation differences	(31)	(30)	(3)	(379)	(51)	(121)	-	-	(615)
At 31 December 2022	527	82	53	4,702	478	1,309	-	-	7,151
Carrying amount									
At 31 December 2021	102	84	10	1,933	146	582	1,300	5,271	9,428
At 31 December 2022	410	1,443	5	2,602	587	1,371	1,249	8,649	16,316

Assets under construction

Included in the Group's property, plant and equipment of \$1,249,000 (FY2021: \$1,300,000) as at 31 December 2022 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:

	Clinic/office premises	Motor vehicle	Medical equipment	Total
	\$'000	\$'000	\$'000	\$'000
Group				
At 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 and 1 January 2022	5,650	12	720	6,382
Acquisition of subsidiaries	3,659	-	639	4,298
Additions	1,703	-	748	2,451
Lease modification	(16)	-	-	(16)
Depreciation charge for the year	(1,193)	(4)	(551)	(1,748)
Currency translation differences	(433)	(1)	(56)	(490)
<hr/>				
At 31 December 2022	9,370	7	1,500	10,877
<hr/> <hr/>				

Lease modification during the current financial year relates to the price revision and/or extension of the lease period in the existing/past leases of two clinic/office premises. In the previous financial year, the lease modification 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.

10. Leases (cont'd)

As lessee (cont'd)

(b) Lease liabilities

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

	Group	
	31 December 2022	31 December 2021
	\$'000	\$'000
Beginning of financial year	6,772	5,256
Acquisition of subsidiaries	4,361	-
Additions	2,451	745
Lease modification	(24)	2,633
Interest expense	366	259
Payments, net	(2,194)	(1,893)
Rental rebates	(3)	(79)
Currency translation differences	(504)	(149)
End of financial year	11,225	6,772
Current	1,652	1,560
Non-current	9,573	5,212

Lease modification during the current financial year relates to the price revision and/or extension of the lease period in the existing/past leases of two clinic/office premises. In the previous financial year, the lease modification 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.

(c) Net investment in sublease

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

	Group	
	31 December 2022	31 December 2021
	\$'000	\$'000
Beginning of financial year	108	165
Accretion of interest income	3	5
Receipts, net	(61)	(57)
Rental rebates	-	(5)
End of financial year	50	108
Current	50	58
Non-current	-	50

10. Leases (cont'd)**As lessee (cont'd)****(d) Amounts recognised in profit or loss**

The following are the amounts recognised in profit or loss:

	Group	
	31 December 2022	31 December 2021
	\$'000	\$'000
Depreciation of right-of-use assets	1,748	1,611
Interest expense on lease liabilities	366	259
Interest income on sublease	(3)	(5)
Rental rebates	(3)	(74)
Gain on lease modification	(8)	-
Lease expenses not capitalised in lease liabilities		
- Expenses relating to leases of short-term leases (included in administrative expenses)	92	-
- Expenses relating to leases of short-term leases (included in cost of sales)	3	3
- Expenses relating to leases of low-value leases (included in administrative expenses)	11	11
Total amount recognised in profit or loss	2,206	1,805

(e) Total cash outflow

The Group had total cash outflows for leases (including short-term and low-value leases) of \$2,239,000 as at 31 December 2022 (31 December 2021: \$1,850,000), net of receipts from sublease and rental rebates.

(f) Extension options

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

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

11. Intangible assets

Group	Computer software \$'000	Software under development \$'000	Goodwill \$'000	Contractual relationship \$'000	Customer relationships \$'000	Total \$'000
Cost						
As at 1 January 2021	551	110	42,252	5,300	155	48,368
Additions	*	42	-	-	-	42
Currency translation differences	(14)	(3)	(387)	-	-	(404)
<hr/>						
At 31 December 2021 and 1 January 2022	537	149	41,865	5,300	155	48,006
Acquisition of a subsidiary	2	-	-	-	-	2
Additions	2	-	14,111	-	-	14,113
Currency translation differences	(32)	(9)	(1,761)	-	-	(1,802)
<hr/>						
At 31 December 2022	509	140	54,215	5,300	155	60,319
<hr/>						

* Less than \$1,000

11. Intangible assets (cont'd)

Group	Computer software \$'000	Software under development \$'000	Goodwill \$'000	Contractual relationship \$'000	Customer relationships \$'000	Total \$'000
Accumulated amortisation						
At 1 January 2021	509	-	-	3,313	123	3,945
Amortisation for the year	23	-	-	530	32	585
Currency translation differences	(8)	-	-	-	-	(8)
At 31 December 2021 and 1 January 2022	524	-	-	3,843	155	4,522
Amortisation for the year	9	-	-	530	-	539
Currency translation differences	(31)	-	-	-	-	(31)
At 31 December 2022	502	-	-	4,373	155	5,030
Carrying amount						
At 31 December 2021	13	149	41,865	1,457	-	43,484
At 31 December 2022	7	140	54,215	927	-	55,289

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.

	31 December 2022 \$'000	31 December 2021 \$'000
Goodwill		
<i>ISEC Eye Pte. Ltd. ("ISEC Eye")</i>	7,970	7,970
<i>Southern Specialist Eye Centre Sdn. Bhd. ("SSEC")</i>	11,437	12,151
<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>	9,265	9,842
<i>IE Centre Sdn.Bhd. ("IE Centre")</i>	11,654	-
<i>Kampar Eye Sdn. Bhd. ("Kampar Eye")</i>	1,942	-
<i>TE Centre Sdn. Bhd. ("TE Centre")</i>	17	-
<i>ME Centre Sdn. Bhd. ("ME Centre")</i>	12	-
<i>Taipung Eye Sdn. Bhd. ("Taiping Eye")</i>	16	-
	54,215	41,865

The Group has assessed that there is no further impairment to the carrying amount of goodwill as at 31 December 2022 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:

	Revenue growth rate		Terminal growth rate		Pre-tax discount rate	
	2023 to 2027 %	2022 to 2026 %	2022 %	2021 %	2022 %	2021 %
ISEC Eye	3	6 – 13	1.0	1.0	17	17
SSEC	5 – 7	6 – 32	3.0	3.0	15	15
JLMBB	4	4 – 8	2.0	2.0	10	10
JLMS	3	4 – 5	2.0	2.0	10	10
JLMW	4	7	2.0	2.0	10	10
JLMYT	3 – 8	2 – 6	2.0	2.0	10	10

11. Intangible assets (cont'd)

	Revenue growth rate		Terminal growth rate		Pre-tax discount rate	
	2023 to 2027	2022 to 2026	2022	2021	2022	2021
	%	%	%	%	%	%
Indah						
Specialist	6 – 8	6 – 12	3.0	3.0	15	15
IE Centre	3 – 6	-	3.0	-	15	-
Kampar Eye	2 – 5	-	3.0	-	15	-

Management estimates the discount rates using pre-tax rates that reflect current market assessment of the time value of money and the risks specific to each CGU. The revenue and terminal growth rates are based on management's estimates and expectations from historical trends, 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 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 expectations for each CGU. Management has taken into consideration the historical trend 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:

	ISEC Myanmar	
	31 December 2022	31 December 2021
Proportion of ownership interest held by non-controlling interest (%)	49	49
Profit after taxation allocated to NCI during the reporting period (\$'000)	229	26
Accumulated NCI at the end of reporting period (\$'000)	783	554

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 2022 \$'000	31 December 2021 \$'000
Non-current assets	611	740
Current assets	912	584
Non-current liabilities	(111)	(43)
Current liabilities	(182)	(316)
Net assets	1,230	965

Summarised statement of comprehensive income

	ISEC Myanmar			
	6 Months Ended		12 Months Ended	
	31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000
Revenue	1,047	566	1,916	992
Profit for the financial period/year, representing total comprehensive income	277	60	467	52

Other summarised information

	ISEC Myanmar			
	6 Months Ended		12 Months Ended	
	31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000
Net cash generated from operating activities	201	250	560	447
Net cash used in investing activities	(1)	(1)	*	(18)
Net cash used in financing activities	(142)	(61)	(186)	(150)
Net change in cash and cash equivalents	58	188	374	279

* Less than \$1,000

13. Borrowings

	Group	
	31 December 2022	31 December 2021
	\$'000	\$'000
Current	826	849
Non-current	1,767	2,244

On 6 August 2020, ISEC (Penang) Sdn. Bhd., a wholly owned indirect subsidiary of the Company, entered into a 5-year term bank loan of RM13,000,000 (equivalent to S\$4,254,000) with OCBC Bank (Malaysia) Berhad to partially finance the acquisition of freehold land and building. The loan is repayable monthly over 5-year term. The loan bears a floating interest rate of the bank's cost of funds + 0.5% margin per annum. The interest rate for the current financial year ended 31 December 2022 was 3.75% (FY2021: 2.85%). The borrowing balance as at 31 December 2022 was S\$2,119,000 (31 December 2021: S\$3,093,000). The loan is secured by the freehold land and building for which the loan was entered into, and the subsidiary is required to maintain certain deposits balance with the bank.

On 26 May 2022, the Group completed its acquisition of ME Centre Sdn. Bhd. ("ME Centre") which includes an existing 15-year bank loan of RM1,709,160 (equivalent to S\$539,000) entered into on 29 January 2021 with Public Bank Berhad to partially finance the acquisition of building. The loan is repayable monthly over the 15-year term. The loan bears a floating interest rate of the bank's base lending rate -2.57% margin per annum for the first year and bank's base lending rate -2.30% margin per annum from the second year onwards. The interest rate for the current financial year ended 31 December 2022 was 4.17%. The borrowing balance as at 31 December 2022 was S\$474,000. The loan is secured by the building for which the loan was entered into.

14. Share capital

	Group and Company			
	2022	2021	2022	2021
	Number of ordinary shares		\$'000	
Issued and fully paid:				
At 1 January	550,735,471	550,685,857	70,068	70,054
Issuance of consideration shares for the acquisition of 100% equity interest in IE Centre and Kampar Eye on 26 May 2022	21,881,135	-	5,432	-
Issuance of ordinary shares from the exercise of options granted under Share Option Scheme	-	49,614	-	14
Less: Share issue expenses	-	-	(16)	-
At 31 December	572,616,606	550,735,471	75,484	70,068
	As at 31 December 2022		As at 31 December 2021	
Total number of issued shares (excluding treasury shares)	572,230,206		550,349,071	

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 2022, the number of ordinary shares in issue was 572,616,606 of which 386,400 were held by the Company as treasury shares. There were 386,400 treasury shares as at 31 December 2021.

15. Treasury share reserve

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

	Group and Company	
	Number of ordinary shares	\$'000
Issued and fully paid:		
At 31 December 2021 and 31 December 2022	386,400	(105)

There were 386,400 (FY2021: 386,400) treasury shares representing 0.067% (FY2021: 0.070%) of the Company's 572,230,206 (FY2021: 550,349,071) ordinary shares (excluding treasury shares) as at 31 December 2022.

16. Other reserves

Group	31 December 2022 \$'000	31 December 2021 \$'000
Foreign currency translation reserve	(2,668)	(245)
Merger reserve	(3,572)	(3,572)
Capital reserve	(4,463)	(4,463)
Share option reserve	142	139
	<u>(10,561)</u>	<u>(8,141)</u>

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, forfeiture or exercise of the share options.

Subsidiary Holdings

There were no subsidiary holdings as at 31 December 2022 and 31 December 2021.

17. Acquisition of subsidiaries

On 26 May 2022, the Company completed the acquisition of IE Centre Sdn. Bhd. ("IE Centre"), Kampar Eye Sdn. Bhd. ("Kampar Eye"), TE Centre Sdn Bhd ("TE Centre"), ME Centre Sdn Bhd ("ME Centre") and Taiping Eye Sdn Bhd ("Taiping Eye), through its wholly-owned subsidiary, ISEC Sdn. Bhd., from external parties (or the "Vendors").

The entire issued and paid-up share capital of IE Centre and Kampar Eye was acquired by way of allotment of 21,881,135 new ordinary shares to the Vendors, equivalent to fair value consideration of S\$5,432,000 and cash consideration of S\$11,169,000. 80% of the consideration shares are subjected to a moratorium of up to a period of 60 months from the date of completion of acquisition. 30% of the cash consideration is payable in 12 months and 10% is payable in 24 months from date of completion of acquisition.

A total of 1,500,003 issued and paid-up share capital (comprising 50.0% plus 1 ordinary share of each entity) of TE Centre, ME Centre and Taiping Eye was acquired by way of a total cash consideration of RM1,500,003 (equivalent to S\$474,000).

The Group acquired the subsidiaries above, as a whole, as they are expected to provide the Group with growing stream of recurring revenue and cash flow in the territory of Perak where the demand for specialised and quality medical eye services is expected to increase. Please refer to the announcement dated 7 April 2022 for more information.

Assets and liabilities recognised as a result of the acquisition

The fair value of the identifiable assets of the acquired subsidiaries as at the acquisition date were:

	Fair value recognised on acquisition					Total \$'000
	IE Centre \$'000	Kampar Eye \$'000	TE Centre \$'000	ME Centre \$'000	Taiping Eye \$'000	
Property, plant and equipment	1,097	342	443	748	295	2,925
Right-of-use assets	3,200	1,098	–	–	–	4,298
Intangible assets	1	1	–	–	–	2
Trade receivables	800	80	–	–	–	880
Deposits, prepayments and other receivables	50	17	3	–	88	158
Inventories	138	77	–	–	–	215
Cash and cash equivalents	605	189	194	157	159	1,304
	5,891	1,804	640	905	542	9,782
Trade and other payables	(497)	(77)	(359)	(111)	(259)	(1,303)
Borrowings	–	–	–	(505)	–	(505)
Lease liabilities	(3,251)	(1,110)	–	–	–	(4,361)
Deferred tax liabilities	(60)	(15)	–	–	–	(75)
Current income tax payable	(134)	(14)	–	–	–	(148)
	(3,942)	(1,216)	(359)	(616)	(259)	(6,392)
Total identifiable net assets	1,949	588	281	289	283	3,390
Less: Non-controlling interests measured at the non-controlling interests' proportionate share	–	–	(141)	(144)	(141)	(426)
Add: Goodwill arising from acquisition	12,055	2,009	18	13	16	14,111
Total consideration transferred	14,004	2,597	158	158	158	17,075

17. Acquisition of subsidiaries (cont'd)

	Fair value recognised on acquisition					Total \$'000
	IE Centre \$'000	Kampar Eye \$'000	TE Centre \$'000	ME Centre \$'000	Taipung Eye \$'000	
<u>Consideration transferred for the acquisition</u>						
Cash paid	5,771	1,067	158	158	158	7,312
Equity instrument issued (21,881,135 ordinary shares of the company)	4,582	850	–	–	–	5,432
Deferred cash settlement	3,651	680	–	–	–	4,331
Total consideration transferred	<u>14,004</u>	<u>2,597</u>	<u>158</u>	<u>158</u>	<u>158</u>	<u>17,075</u>

Effect of the acquisition of subsidiaries on cash flows

Total consideration for equity interest acquired	14,004	2,597	158	158	158	17,075
Less: cash transferred to subsidiaries for the acquisition of new ordinary shares	–	–	(158)	(158)	(158)	(474)
Less: non-cash consideration	(4,582)	(850)	–	–	–	(5,432)
Less: deferred cash settlement	(3,651)	(680)	–	–	–	(4,331)
Consideration settled in cash	<u>5,771</u>	<u>1,067</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>6,838</u>
Less: cash and cash equivalents of subsidiaries acquired	<u>(605)</u>	<u>(189)</u>	<u>(194)</u>	<u>(157)</u>	<u>(159)</u>	<u>(1,304)</u>
Net cash outflow/(inflow) on acquisition	<u>5,166</u>	<u>878</u>	<u>(194)</u>	<u>(157)</u>	<u>(159)</u>	<u>5,534</u>

Goodwill arising from acquisition

The goodwill of \$14,111,000 comprises the value of strengthening the Group's market position in Malaysia and the synergies expected to arise from integrating the acquired subsidiaries into the Group's existing Specialised Health business. None of the goodwill recognised is expected to be deductible for income tax purposes.

Transaction costs

Transaction costs related to the acquisition amounting to S\$100,000 (equivalent to approximately RM320,000) and S\$54,000 (equivalent to approximately RM164,000) for the respective financial years ended 31 December 2022 and 31 December 2021 had been recognised in "Administrative expenses" line item in the Group's profit or loss.

Acquired receivables

The fair value of trade and other receivables is S\$1,038,000 and includes trade receivables with a fair value of S\$880,000. The gross contractual amount for trade receivables due is S\$880,000.

17. Acquisition of subsidiaries (cont'd)

Impact of acquisition on profit or loss

For the period 26 May 2022 to 31 December 2022, the acquired subsidiaries contributed revenue of S\$5,956,000 and profit of S\$1,402,000 to the Group's results. If the business combination had taken place at the beginning of the year, the Group's consolidated revenue and consolidated profit after tax for the year ended 31 December 2022 would have been S\$66,275,000 and S\$13,659,000 respectively.

	IE Centre	Kampar Eye	TE Centre	ME Centre	Taiping Eye	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	4,963	993	–	–	–	5,956
Profit/(loss) after tax	1,215	195	(1)	(6)	(1)	1,402

18. Earnings per share

	Group 6 months ended		Group 12 months ended	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Earnings per share ("EPS")				
Profit attributable to owners of the parent (S\$'000)	7,036	3,743	12,520	6,905
Weighted average number of ordinary shares in issue (excluding treasury shares)	572,230,206	550,348,801	563,537,700	550,324,332
Basic (Singapore cents)	1.23	0.68	2.22	1.25
Adjusted weighted average number of ordinary shares in issue (excluding treasury shares) ⁽¹⁾	572,401,867	550,414,138	563,688,269	550,378,064
Fully diluted basis (Singapore cents)	1.23	0.68	2.22	1.25

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

19. Dividends

	Group and Company	
	31 December 2022	31 December 2021
	\$'000	\$'000
<i>Dividends on ordinary shares:</i>		
- Final tax-exempt dividend for 2021: 0.30 cents (2020: 0.80 cents) per share	1,651	4,402
- First interim tax-exempt dividend for 2022: 0.48 cents (2021: 0.75 cents) per share	2,747	4,128
	4,398	8,530
Proposed but not recognised as a liability as at 31 December:		
- Final tax-exempt dividends on ordinary shares for FY2022 of 1.08 cents (FY2021: 0.30 cents) per share, subject to shareholders' approval at the Annual General Meeting	6,180	1,651
	6,180	1,651

20. Impact of COVID-19 and events occurring after the reporting period*Coronavirus 2019 ("COVID-19") pandemic*

With most of the global economic activities already returned to normalcy, our clinics' businesses have improved in the current financial year. We are mindful that the COVID-19 situation remains fluid all over the world during this endemic period and will, therefore, continue to remain vigilant.

Political situation in Myanmar

Myanmar's military extended the country's state of emergency by another six months on 1 February 2023, the second anniversary of the military coup, which is expected to end on 31 July 2023. Junta leader Min Aung Hlaing said multi-party elections must be held, but did not provide a timeline for the polls, which cannot be held during a state of emergency. As at the date of this announcement, ISEC Myanmar's clinic continues to be operational amidst the on-going protests.

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. The total number of share options outstanding was 3,063,406 and 3,188,406 as at 31 December 2022 and 31 December 2021 respectively.

On 23 September 2022, the Company granted share awards to eligible employees of the Company pursuant to the ISEC Healthcare Performance Share Plan. The total number of share awards outstanding was 680,000 as at 31 December 2022.

There were no options granted pursuant to the Company’s employee share options scheme as at 31 December 2022 and 31 December 2021 respectively.

Treasury Shares

There were 386,400 (FY2021: 386,400) treasury shares representing 0.067% (FY2021: 0.070%) of the Company’s 572,230,206 (FY2021: 550,349,071) ordinary shares (excluding treasury shares) as at 31 December 2022.

Subsidiary Holdings

There were no subsidiary holdings as at 31 December 2022 and 31 December 2021.

- 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 2021.

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: 18. 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 2022 (“FY2022”) and 31 December 2021 (“FY2021”) where applicable.

Consolidated Statement of Comprehensive Income

Revenue

The Group recorded revenue of S\$62.95 million in FY2022, an increase of 56% from S\$40.47 million in FY2021.

The Group’s specialised health services revenue increased by S\$21.74 million, from S\$36.77 million in FY2021 to S\$58.51 million in FY2022, largely due to significant increase in patient visits and business activities from our eye clinics as the countries lifted respective international travel restrictions and relaxation of COVID-19 movement measures in FY2022. The acquisition of IE Centre and Kampar Eye (the “**Acquisition**”) also contributed S\$5.96 million revenue to the Group in FY2022.

Revenue from general health services increased by S\$0.74 million between FY2021 and FY2022, mainly due to improved business activities from performing COVID-19 swab tests by the Group’s general practitioner clinics.

Cost of sales

The increased cost of sales in FY2022 was in line with increased revenue and business activities in the Group’s operations, with an increase shown of 51%, or S\$11.60 million to S\$34.19 million in FY2022 compared to that in FY2021.

Gross profit and gross profit margin

As a result of the above, gross profit increased by 61% to S\$28.77 million in FY2022, compared to S\$17.88 million in FY2021. Gross profit margins in both FY2021 and FY2022 were 44.2% and 45.7%

respectively, an increase of 1.5 percentage points between both years. The extent of increase in cost of sales was lower compared to the increase in revenue, generally arising from improved cost efficiency in covering fixed costs such as depreciation expenses in medical equipment.

Other income

Other income decreased by S\$0.54 million, from S\$0.99 million in FY2021 to S\$0.45 million in FY2022. Government grants and rental rebates arising as part of the respective governments' support measures to relief operations affected by COVID-19 reduced by S\$0.36 million between FY2021 and FY2022. The profit guarantee from vendors of subsidiaries acquired that was recorded in FY2021, of S\$0.17 million, was absent in FY2022, with the lapsing of the agreement after FY2021.

Administrative expenses

The Group recorded administrative expenses of S\$10.31 million in FY2022, an increase of S\$1.70 million compared to S\$8.61 million in FY2021. The administrative expenses arising from the Acquisition of S\$0.70 million was recorded in FY2022, which was absent in FY2021. Staff-related costs (excluding those arising from and incorporated under the Acquisition) also increased by S\$0.52 million in line with increased business activities of the Group, and transaction costs relating to the Acquisition of S\$0.10 million. The balance of the increase generally related to other operating expenses (like utilities, maintenance etc.), which was in line with the increased business activities of the Group.

Other expenses

The Group recorded other expenses of S\$1.45 million in FY2022, compared to S\$0.70 million in FY2021, an increase of S\$0.75 million.

Exchange loss increased by S\$0.55 million between the years, with further weakening of Ringgit Malaysia and Myanmar Kyat against Singapore Dollar in FY2022 compared to that in FY2021. The loss on disposal of an associate (I Medical & Aesthetics Pte. Ltd.) recorded on 30 April 2022 also contributed S\$0.16 million to the increase in other expenses.

Income tax expense

The Group recorded income tax expenses of S\$4.05 million in FY2022, compared to S\$2.21 million in FY2021, an increase of S\$1.84 million between the years. The effective tax rates of the Group in FY2021 and FY2022 was generally consistent at 24%. The statutory corporate tax rates are 17% in Singapore, 24% in Malaysia and 25% in Myanmar. The increase in income tax expenses was in line with the higher profit before income tax achieved in FY2022.

Profit after tax

The Group reported a net profit of S\$12.73 million in FY2022, an increase of S\$5.85 million from FY2021, mainly due to the reasons explained above.

Review of comparative financial position of the Group for the financial year ended 31 December 2022 and 31 December 2021.Consolidated Statement of Financial Position*Non-current assets*

Non-current assets increased by S\$22.83 million to S\$82.68 million as at 31 December 2022. This was mainly attributable to the following:

- i) Property, plant and equipment additions and renovations arising from the acquisition of IE Centre, Kampar Eye, TE Centre, ME Centre and Taiping Eye of S\$2.93 million;
- ii) Property, plant and equipment additions of S\$5.97 million mainly due to renovation expenditures for Penang and Kuching clinics, and acquisition of a building by Taiping Eye post-acquisition;
- iii) Right-of-use assets additions of S\$4.30 million from the Acquisition;
- iv) Right-of-use assets additions of S\$2.45 million, mainly due to the leasing of clinic/office premises and medical equipment; and
- v) Goodwill of S\$14.11 million on acquisition of IE Centre, Kampar Eye, TE Centre, ME Centre and Taiping Eye.

The increase in non-current assets was offset by:

- i) Currency translation loss of S\$1.76 million on goodwill arising from the acquisition of foreign subsidiaries;
- ii) Currency translation loss of S\$0.81 million on property, plant and equipment;
- iii) Currency translation loss of S\$0.49 million on right-of-use assets;
- iv) Amortisation expenses of S\$0.54 million on intangible assets;
- v) Depreciation expenses of property, plant and equipment of S\$1.17 million;
- vi) Depreciation expenses of right-of-use assets of S\$1.75 million;
- vii) Disposal of investment in associate of S\$0.16 million; and
- viii) Refund received in relation to deposit of S\$0.21 million as 1% earnest deposit payment for the intended acquisition of property by ISEC KL, upon the rescission of the sales and purchase agreement.

Current assets

Current assets decreased by S\$0.22 million mainly due to the decrease in cash and cash equivalents of S\$1.86 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\$1.15 million and increase in inventories of S\$0.60 million, in line with the Group's increased business activities.

Non-current liabilities

Non-current liabilities increased by S\$4.98 million to S\$12.86 million as at 31 December 2022. This was mainly attributable to the following:

- i) Net increase in lease liabilities of S\$4.36 million, mainly arising from the addition of S\$4.36 million in relation to the Acquisition;
- ii) Portion of balance purchase consideration of S\$1.04 million due to vendors for the Acquisition, payable within 24 months from the acquisition date; and
- iii) Inclusion of bank loan undertaken by ME Centre on 26 May 2022, of S\$0.50 million.

The increase is offset by:

- i) Partial repayment of bank loan (principal and interest) of S\$0.91 million undertaken for the

purchase of freehold land and building by the Company's indirect subsidiaries, ISEC Penang Sdn. Bhd. and ME Centre Sdn. Bhd., that resulted in a decrease in borrowings.

Current liabilities

Current liabilities increased by S\$5.60 million to S\$16.10 million as at 31 December 2022 mainly attributable to the following:

- i) Increase in other payables by S\$3.31 million, arising mainly from:
 - a. balance of cash consideration payable to the vendors in relation to the Acquisition of S\$3.29 million;
 - b. S\$0.22 million arising from ISEC Kuching for renovation and fixed assets additions; and
 - c. S\$0.19 million from newly acquired subsidiaries – IE Centre, Kampar Eye, and TE Centre;
- ii) Increase in payroll payables by S\$0.58 million, arising mainly from:
 - a. Higher staff-related remuneration and bonuses provided for as at 31 December 2022, of S\$0.21 million, with the Group's increased business activities; and
 - b. S\$0.37 million from the Acquisition;
- iii) Increase in advances by S\$0.41 million, arising mainly from newly acquired subsidiaries – TE Centre, ME Centre, and Taiping Eye;
- iv) Increase in trade payables of S\$0.35 million mainly due to additions from the Acquisition; and
- v) Net increase of current income tax payable of S\$0.79 million, mainly arising from tax provision for FY2022 less tax payment of S\$3.46 million. The increase in tax provision is in line with increased business operations of the Group.

The increase in current liabilities was offset by repayment of the balance purchase consideration for the acquisition of Indah Specialist of S\$0.58 million resulting in a decrease in other payables.

Review of cash flows of the Group for FY2022

Consolidated Statement of Cash Flows

As at 31 December 2022, the Group had cash and cash equivalents of S\$20.63 million, as compared to S\$22.49 million of cash and cash equivalents as at 31 December 2021.

Cash flows from operating activities

In FY2022, net cash flows from operating activities was recorded at S\$17.85 million. This comprised operating cash flows before working capital changes of S\$20.77 million, and changes in working capital inflow of S\$0.54 million from trade and other receivables and trade and other payables, of S\$0.54 million and S\$0.52 million respectively, offset by decrease in inventories of S\$0.50 million, mainly resulted from increased business activities, less income tax paid amounting to S\$3.46 million.

Cash flows used in investing activities

Net cash used in investing activities in FY2022 amounted to S\$11.60 million mainly due to:

- i) Payment for purchase of property, plant and equipment amounting to S\$5.71 million;
- ii) Acquisition of subsidiaries, net of cash acquired, of S\$5.53 million; and
- iii) Repayment of the cash consideration for the acquisition of Indah Specialist S\$0.58 million.

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\$7.17 million in FY2022, mainly due to the following factors:

- iv) Payment to shareholders in relation to FY2021 final dividend of S\$1.65 million and FY2022 first interim dividend of S\$2.75 million;
- v) Repayment of lease liabilities and its corresponding finance costs of S\$2.13 million; and
- vi) Repayment of bank loan and its corresponding interest expense of S\$0.91 million.

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

In the 3Q2022 results announcement made on 21 October 2022, the Company commented that the performance of ISEC Myanmar was expected to be consistent for the next reporting period and the next 12 months. On 1 February 2023, which was the second anniversary of the military coup, Myanmar's military extended the country's state of emergency by another six months, which is expected to end on 31 July 2023. Junta leader Min Aung Hlaing said multi-party elections must be held, but did not provide a timeline for the polls, which cannot be held during a state of emergency. Despite the fluid political situation, ISEC Myanmar has been performing consistently well in FY2022 which was consistent with the Group's expectation as earlier commented.

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: 20. Impact of COVID-19 and events occurring after the reporting period" above.

On 27 January 2023, the Company announced that ISEC Myanmar had entered into a 2-year lease agreement with ARYU International Healthcare Company Limited, with a total gross floor area of 1,755 square feet, for total rental not expected to exceed 200,000,000 MMK. We will monitor the business activities in the new premises closely.

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	1.08 Singapore cents (S\$0.0108) per ordinary share
Tax rate	Tax exempt (one-tier)

(ii) Previous corresponding period (cents)

Name of dividend	Final Dividend
Dividend type	Cash

Dividend rate	0.30 Singapore cents (S\$0.0030) per ordinary share
Tax rate	Tax exempt (one-tier)

In addition, a first interim cash dividend (tax exempt one-tier) of 0.48 Singapore cents (S\$0.0048) per ordinary share was declared for the 6 months ended 30 June 2022 and paid on 30 August 2022.

- (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 dividend will be paid on 10 May 2023 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 28 April 2023 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 2022 (“**Proposed Dividend**”).

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 28 April 2023 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 28 April 2023 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 2022.

- 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\$21.74 million, or 59%, from S\$36.77 million in FY2021 to S\$58.51 million in FY2022. Excluding contribution from IE Centre and Kampar Eye, of S\$5.96 million, which acquisition was completed in May 2022, the Group’s revenue for FY2022 showed an increase of S\$15.78 million, or 43%. The business activities improved significantly in FY2022 with increased patient visits and business activities following the lifting of respective international travel restrictions and relaxation of COVID-19 movement measures.

Profit after tax increased by S\$5.82 million between both years mainly as a result of the Group’s increased business activities.

General health services:

Revenue increased by S\$0.74 million, or 20%, from S\$3.70 million in FY2021 to S\$4.44 million in FY2022. The revenue increase arose from improved business activities with increased number of test cases pertaining to the COVID-19 (i.e. Antigen Rapid Test and Polymerase Chain Reaction Test) performed by the clinics in FY2022.

Profit after tax was generally consistent, at S\$0.91 million and S\$0.94 million in respective FY2021 and FY2022. Excluding the loss on disposal of associate of S\$0.16 million recorded in FY2022, profit after tax would have shown a 21% increase.

Performance by geographical segments

Singapore operations:

Revenue from Singapore operations increased by 27%, from S\$8.95 million in FY2021 to S\$11.34 million in FY2022. Patient visits have increased compared to that in FY2021 with the lifting of respective international travel restrictions and relaxation of COVID-19 movement measures.

Profit after tax in FY2022 recorded at S\$1.62 million, an increase of S\$0.05 million compared to that in FY2021, in line with improved business activities in Singapore. Excluding the loss on disposal of associate of S\$0.16 million recorded in FY2022, profit after tax would have shown a 13% increase.

Malaysia operations:

In Malaysia, revenue increased by S\$19.17 million, or 63%, from S\$30.52 million in FY2021 to S\$49.70 million in FY2022. Excluding contribution from IE Centre and Kampar Eye, of S\$5.96 million, which acquisition was completed in May 2022, the Group's revenue for FY2022 showed an increase of S\$13.21 million, or 43%. The business activities improved significantly in FY2022 with increased patient visits and business activities following the lifting of respective international travel restrictions and relaxation of COVID-19 movement measures.

The profit after tax increased by S\$5.35 million, from S\$5.26 million in FY2021 to S\$10.61 million FY2022 mainly due to increased sales resulting from the Malaysia operation's increased business activities.

Myanmar operations:

Revenue from Myanmar operations has increased by S\$0.93 million, or 93%, from S\$0.99 million in FY2021 to S\$1.92 million in FY2022. The increase in sales is mainly attributable to the increase in patient visits during the year.

With huge improvement in sales performance, Myanmar operations recorded a profit after tax of S\$0.50 million in FY2022, an increase of S\$0.45 million, compared to that in FY2021.

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

	FY2022 (Unaudited) S\$'000	FY2021 (Audited) S\$'000
Ordinary-Interim	2,747	4,128
Ordinary-Final	6,180 ⁽¹⁾	1,651
Special	-	-
Preference	-	-
Total	8,927	5,779

⁽¹⁾ Then proposed final cash dividend (tax exempt one-tier) of 1.08 Singapore cents (S\$0.0108) 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.

Name	Age	Family relationship with any director, chief executive officer and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Dr Lee Yeng Fen	57	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 Catalist Rule 706A

On 26 May 2022, the Company completed the acquisition of IE Centre, Kampar Eye, ME Centre, TE Centre and Taiping Eye through its wholly-owned subsidiary, ISEC KL. Please refer to “E. Notes to the Condensed Interim Financial Statements: 17. Acquisition of subsidiaries” above.

BY ORDER OF THE BOARD

Dr Lee Hung Ming

Executive Vice Chairman
22 February 2023

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 Ng Shi Qing, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.