



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

Condensed Interim Financial Statements
For the six months ended 30 June 2023

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

	Note	Group			<i>Voluntary Disclosure</i>		
		6 Months Ended			Group		
		30 June 2023 (Unaudited) S\$'000	30 June 2022 (Unaudited) S\$'000	Change %	30 June 2023 (Unaudited) S\$'000	30 June 2022 (Unaudited) S\$'000	Change %
Revenue	4	34,382	27,935	23%	17,470	16,148	8%
Cost of sales		(19,093)	(15,103)	26%	(9,870)	(8,685)	14%
Gross profit		15,289	12,832	19%	7,600	7,463	2%
<i>Other item of income</i>							
Other income		244	195	25%	113	85	33%
<i>Other items of expense</i>							
Selling and distribution expenses		(51)	(52)	-2%	(26)	(23)	13%
Administrative expenses		(6,061)	(4,641)	31%	(3,126)	(2,498)	25%
Other expenses		(875)	(703)	24%	(561)	(497)	13%
Finance costs		(354)	(213)	66%	(166)	(116)	43%
Share of results of associate		-	(1)	-100%	-	*	NM
Profit before income tax		8,192	7,417	10%	3,834	4,414	-13%
Income tax expense	6	(1,972)	(1,849)	7%	(997)	(1,182)	-16%
Profit for the financial period		6,220	5,568	12%	2,837	3,232	-12%
Other comprehensive income							
<i>Items that may be reclassified subsequently to profit or loss:</i>							
Foreign currency translation of subsidiaries		(2,112)	(802)	>100%	(1,596)	(627)	>100%
Other comprehensive income for the financial period, net of tax		(2,112)	(802)	>100%	(1,596)	(627)	>100%
Total comprehensive income for the financial period		4,108	4,766	-14%	1,241	2,605	-52%
Profit attributable to:							
Owners of the parent		6,131	5,484	12%	2,774	3,180	-13%
Non-controlling interests		89	84	6%	63	52	21%
Profit for the financial period		6,220	5,568	12%	2,837	3,232	-12%

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

	Note	Group			<i>Voluntary Disclosure</i>		
		6 Months Ended			Group		
		30 June	30 June	Change	30 June	30 June	Change
		2023	2022		2023	2022	
(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)			
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Total comprehensive income attributable to:							
Owners of the parent		4,130	4,681	-12%	1,234	2,552	-52%
Non-controlling interests		(22)	85	NM	7	53	-87%
Total comprehensive income for the financial period		4,108	4,766	-14%	1,241	2,605	-52%
Earnings per share							
- basic (in cents)	17	1.07	0.99	8%	0.48	0.57	-16%
- diluted (in cents)	17	1.07	0.99	8%	0.48	0.57	-16%

NM – Not meaningful

* Less than \$1,000

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:

	Group 6 Months Ended			<i>Voluntary Disclosure</i> Group 3 Months Ended		
	30 June 2023 (Unaudited) S\$'000	30 June 2022 (Unaudited) S\$'000	Change	30 June 2023 (Unaudited) S\$'000	30 June 2022 (Unaudited) S\$'000	Change
			%			%
Depreciation of property, plant and equipment – cost of sales	363	338	7%	187	178	5%
Depreciation of right-of-use assets – cost of sales	301	260	16%	150	134	12%
Depreciation of property, plant and equipment – administrative expenses	371	202	84%	196	108	81%
Depreciation of right-of-use assets – administrative expenses	618	589	5%	315	302	4%
Amortisation of intangible assets – other expenses	265	265	0%	132	132	0%
Amortisation of intangible assets – administrative expenses	2	6	-67%	1	3	-67%
Interest income	(156)	(111)	41%	(72)	(49)	47%
Interest income – net investment in sublease	(1)	(2)	-50%	(1)	(1)	0%
Other income – government grants	(44)	(57)	-23%	(8)	(19)	-58%
Other income – rental rebate	-	(3)	-100%	-	-	NM
Interest expense – lease liabilities	226	151	50%	112	81	38%
Interest expense – loans	54	41	32%	23	20	15%
Loss on exchange differences - net	608	256	>100%	428	185	>100%
Gain on disposal of property, plant and equipment	-	(2)	-100%	-	(2)	-100%
Property, plant and equipment written-off	-	4	-100%	-	4	-100%

NM – Not meaningful

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:

	Group			<i>Voluntary Disclosure</i>		
	6 Months Ended			Group		
	30 June	30 June	Change	3 Months Ended		
	2023	2022		30 June	30 June	Change
(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)		
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
(Write-back of)/allowance for expected credit losses, net	(18)	19	NM	(19)	18	NM
Share-based compensation expense	53	21	>100%	24	8	>100%
Loss on disposal of associate	-	155	-100%	-	155	-100%

NM – Not meaningful

B. Condensed Interim Statements of Financial Position

	Note	Group		Company	
		30 June 2023 (Unaudited) S\$'000	31 December 2022 (Audited) S\$'000	30 June 2023 (Unaudited) S\$'000	31 December 2022 (Audited) S\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	9	16,048	16,316	75	86
Right-of-use assets	10	9,635	10,877	145	162
Intangible assets - goodwill	11	52,524	54,215	-	-
Intangible assets - others	11	818	1,074	-	-
Investment in subsidiaries		-	-	62,487	62,487
Deferred tax assets		187	196	7	7
		<u>79,212</u>	<u>82,678</u>	<u>62,714</u>	<u>62,742</u>
Current assets					
Inventories		2,141	1,874	-	-
Trade receivables, net ⁽¹⁾		4,647	4,093	-	-
Other receivables and deposits		885	656	16,262	14,807
Prepayments		330	293	14	28
Net investment of sublease	10	20	50	-	-
Current income tax asset		-	18	-	-
Cash and cash equivalents ⁽¹⁾		16,100	20,633	2,682	5,045
		<u>24,123</u>	<u>27,617</u>	<u>18,958</u>	<u>19,880</u>
TOTAL ASSETS		<u>103,335</u>	<u>110,295</u>	<u>81,672</u>	<u>82,622</u>
EQUITY AND LIABILITIES					
EQUITY					
Share capital	14	75,928	75,484	75,928	75,484
Treasury share reserve	15	-	(105)	-	(105)
Other reserves	16	(12,588)	(10,561)	116	142
Retained earnings		15,005	15,054	5,233	6,621
Equity attributable to owners of Company		<u>78,345</u>	<u>79,872</u>	<u>81,277</u>	<u>82,142</u>
Non-controlling interests	12	1,448	1,470	-	-
TOTAL EQUITY		<u>79,793</u>	<u>81,342</u>	<u>81,277</u>	<u>82,142</u>
LIABILITIES					
Non-current liabilities					
Other payables		3	1,040	-	-
Borrowings	13	1,294	1,767	-	-
Lease liabilities	10	8,509	9,573	114	131
Deferred tax liabilities		239	299	-	-
Provisions		174	178	13	13
		<u>10,219</u>	<u>12,857</u>	<u>127</u>	<u>144</u>

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

	Note	Group		Company	
		30 June 2023	31 December 2022	30 June 2023	31 December 2022
		(Unaudited) S\$'000	(Audited) S\$'000	(Unaudited) S\$'000	(Audited) S\$'000
Current liabilities					
Trade payables		1,938	1,980	-	-
Other payables		2,641	4,588	29	59
Advances and contract liabilities		483	674	-	-
Accrued expenses		900	933	155	130
Payroll payable		3,296	3,604	48	106
Borrowings	13	784	826	-	-
Lease liabilities	10	1,412	1,652	34	33
Current income tax payable		1,869	1,829	2	8
Provisions		-	10	-	-
		<u>13,323</u>	<u>16,096</u>	<u>268</u>	<u>336</u>
TOTAL LIABILITIES		23,542	28,953	395	480
TOTAL EQUITY AND LIABILITIES		103,335	110,295	81,672	82,622

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

	Group		Company	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Trade receivables, net denominated in the following currencies:				
Singapore Dollar	1,705	1,393	-	-
Ringgit Malaysia	2,926	2,679	-	-
Myanmar Kyat	16	21	-	-
	<u>4,647</u>	<u>4,093</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents denominated in the following currencies:				
Singapore Dollar	4,514	8,970	2,682	5,045
Ringgit Malaysia	10,900	10,978	-	-
Myanmar Kyat	619	623	-	-
United States Dollar	67	62	-	-
	<u>16,100</u>	<u>20,633</u>	<u>2,682</u>	<u>5,045</u>

C. Condensed Interim Consolidated Statements of Cash Flows

	Note	Group 6 Months Ended		Voluntary Disclosure Group 3 Months Ended	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022
		(Unaudited) S\$'000	(Unaudited) S\$'000	(Unaudited) S\$'000	(Unaudited) S\$'000
Cash flows from operating activities					
Profit before income tax		8,192	7,417	3,834	4,414
Adjustments for:					
(Write-back of)/allowance for expected credit losses, net		(18)	19	(19)	18
Amortisation of intangible assets	11	267	271	133	135
Depreciation of property, plant and equipment	9	734	540	383	286
Depreciation of right-of-use assets	10	919	849	465	436
Interest income		(157)	(113)	(73)	(50)
Interest expense		354	213	174	116
Gain on disposal of property, plant and equipment		-	(2)	-	(2)
Loss on disposal of associate		-	155	-	155
Other income from rental rebates	10	-	(3)	-	-
Property, plant and equipment written-off	9	-	4	-	4
Share of results of associate		-	1	-	*
Share-based compensation expense		53	21	24	8
Operating cash flows before movements in working capital		10,344	9,372	4,921	5,520
Working capital changes:					
- Inventories		(350)	(311)	129	(19)
- Trade and other receivables		(811)	(18)	(10)	(160)
- Prepayments		(49)	(23)	(16)	(78)
- Trade and other payables		610	411	396	955
Cash generated from operations		9,744	9,431	5,420	6,218
Income tax paid, net		(1,917)	(1,060)	(1,193)	(701)
Net cash generated from operating activities		7,827	8,371	4,227	5,517

* Less than \$1,000

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

	Note	Group 6 Months Ended		Voluntary Disclosure Group 3 Months Ended	
		30 June 2023 (Unaudited) S\$'000	30 June 2022 (Unaudited) S\$'000	30 June 2023 (Unaudited) S\$'000	30 June 2022 (Unaudited) S\$'000
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment		-	3	-	3
Purchase of property, plant and equipment	9	(1,567)	(2,223)	(1,243)	(1,554)
Purchase of intangible assets	11	(19)	-	(19)	-
Interest received		156	111	72	49
Payment to vendors ⁽¹⁾ ⁽²⁾		(3,208)	(577)	(3,208)	-
Acquisition of subsidiaries, net of cash acquired		-	(5,534)	-	(5,534)
Net cash used in investing activities		(4,638)	(8,220)	(4,398)	(7,036)
Cash flows from financing activities					
Advances from non-controlling interests		156	-	135	-
Dividends paid		(6,180)	(1,651)	(6,180)	(1,651)
Share issue expenses	14	-	(16)	-	(16)
Proceeds from exercise of share options		470	-	470	-
Principal element of lease payments, net	10	(929)	(868)	(530)	(483)
Interest paid – lease liabilities	10	(225)	(149)	(135)	(80)
Repayment of loan		(394)	(418)	(175)	(208)
Interest paid – loan		(54)	(42)	(23)	(21)
Net cash used in financing activities		(7,156)	(3,144)	(6,438)	(2,459)
Net decrease in cash and cash equivalents		(3,967)	(2,993)	(6,609)	(3,978)
Cash and cash equivalents at beginning of financial period		20,633	22,494	23,151	23,378
Effects of exchange rate changes on cash and cash equivalents		(566)	(428)	(442)	(327)
Cash and cash equivalents at end of financial period		16,100	19,073	16,100	19,073

(1) The Group acquired IE Centre Sdn. Bhd. ("IE Centre") and Kampar Eye Sdn. Bhd. ("Kampar Eye") on 26 May 2022. In the financial period ended 30 June 2023 ("2Q2023"), 30% of the total cash consideration, amounting to RM10,824,225 (equivalent to S\$3,208,000) was paid to the vendors as partial settlement of the total cash consideration.

(2) The Group acquired Indah Specialist Eye Centre Sdn. Bhd. ("Indah Specialist") on 27 February 2020. In the financial period ended 31 March 2022 ("1Q2022"), the remaining 10% balance of the total cash consideration, amounting to RM1,793,280 (equivalent to S\$577,000), was paid to the vendors as final settlement of the total cash consideration. 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										Total equity
	Share capital	Treasury share reserve	Foreign currency translation reserve	Merger reserve	Capital reserve	Share compensation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
At 1 January 2023	75,484	(105)	(2,668)	(3,572)	(4,463)		142	15,054	79,872	1,470	81,342
Profit for the financial period	-	-	-	-	-	-	-	3,357	3,357	26	3,383
Other comprehensive income											
Foreign currency translation	-	-	(461)	-	-	-	-	-	(461)	(55)	(516)
Total comprehensive income for the financial period	-	-	(461)	-	-	-	-	3,357	2,896	(29)	2,867
Transaction with owners of the Company											
Share-based compensation expense ⁽¹⁾	-	-	-	-	-	-	29	-	29	-	29
Total transaction with owners of the Company	-	-	-	-	-	-	29	-	29	-	29
At 31 March 2023	75,484	(105)	(3,129)	(3,572)	(4,463)		171	18,411	82,797	1,441	84,238

(1) The Company has granted 3,809,150 options under the ISEC Healthcare Share Option Scheme on 22 April 2020 and 680,000 share awards under the ISEC Healthcare Performance Share Plan on 23 September 2022.

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 compensation reserve	Retained earnings	Equity attributable to owners of the Company		
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		
At 1 April 2023		75,484	(105)	(3,129)	(3,572)	(4,463)	171	18,411	82,797	1,441	84,238
Profit for the financial period		-	-	-	-	-	-	2,774	2,774	63	2,837
Other comprehensive income											
Foreign currency translation		-	-	(1,540)	-	-	-	-	(1,540)	(56)	(1,596)
Total comprehensive income for the financial period		-	-	(1,540)	-	-	-	2,774	1,234	7	1,241
Transactions with owners of the Company											
Issuance of ordinary shares ⁽¹⁾	14	549	-	-	-	-	(79)	-	470	-	470
Treasury shares transferred ⁽²⁾	15	(105)	105	-	-	-	-	-	-	-	-
Dividends	18	-	-	-	-	-	-	(6,180)	(6,180)	-	(6,180)
Share-based compensation expense ⁽³⁾		-	-	-	-	-	24	-	24	-	24
Total transactions with owners of the Company		444	105	-	-	-	(55)	(6,180)	(5,686)	-	(5,686)
At 30 June 2023		75,928	-	(4,669)	(3,572)	(4,463)	116	15,005	78,345	1,448	79,793

(1) On 22 June 2023, the Company issued and allotted 1,235,072 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 and the transfer and use of 386,400 treasury shares, the number of issued and paid-up shares in the share capital of the Company has increased from 572,230,206 ordinary shares (excluding 386,400 treasury shares) to 573,851,678 ordinary shares.

(2) On 22 June 2023, the Company transferred and used 386,400 treasury shares for the allotment of shares pursuant to exercise of share options under the ISEC Healthcare Share Option Scheme.

(3) The Company has granted 3,809,150 options under the ISEC Healthcare Share Option Scheme on 22 April 2020 and 680,000 share awards under the ISEC Healthcare Performance Share Plan on 23 September 2022.

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

Group (Unaudited)	Attributable to owners of the Company										Total equity S\$'000
		Share capital	Treasury share reserve	Foreign currency translation reserve	Merger reserve	Capital reserve	Share compensation reserve	Retained earnings	Equity attributable to owners of the Company S\$'000	Non- controlling interests	
	Note	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		-	-	-	-	-	-	2,304	2,304	32	2,336
Other comprehensive income											
Foreign currency translation		-	-	(175)	-	-	-	-	(175)	*	(175)
Total comprehensive income for the financial period		-	-	(175)	-	-	-	2,304	2,129	32	2,161
Transaction with owners of the Company											
Share-based compensation expense ⁽¹⁾		-	-	-	-	-	13	-	13	-	13
Total transaction with owners of the Company		-	-	-	-	-	13	-	13	-	13
At 31 March 2022		70,068	(105)	(420)	(3,572)	(4,463)	152	9,236	70,896	585	71,481

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

* Less than \$1,000

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

Group (Unaudited)	Attributable to owners of the Company										
		Share capital	Treasury share reserve	Foreign currency translation reserve	Merger reserve	Capital reserve	Share compensation 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 April 2022		70,068	(105)	(420)	(3,572)	(4,463)	152	9,236	70,896	585	71,481
Profit for the financial period		-	-	-	-	-	-	3,180	3,180	52	3,232
Other comprehensive income											
Foreign currency translation		-	-	(628)	-	-	-	-	(628)	1	(627)
Total comprehensive income for the financial period		-	-	(628)	-	-	-	3,180	2,552	53	2,605
Transactions with owners of the Company											
Issuance of ordinary shares ⁽¹⁾	14	5,472	-	-	-	-	-	-	5,472	-	5,472
Share issue expenses	14	(16)	-	-	-	-	-	-	(16)	-	(16)
Dividends	18	-	-	-	-	-	-	(1,651)	(1,651)	-	(1,651)
Share-based compensation expense ⁽²⁾		-	-	-	-	-	8	-	8	-	8
Total transactions with owners of the Company		5,456	-	-	-	-	8	(1,651)	3,813	-	3,813
Transactions with non-controlling interests											
Arising from acquisition ⁽³⁾		-	-	-	-	-	-	-	-	403	403
Total transactions with non-controlling interests		-	-	-	-	-	-	-	-	403	403
At 30 June 2022		75,524	(105)	(1,048)	(3,572)	(4,463)	160	10,766	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 Sdn. Bhd. ("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 (RM2,555,000).

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

	Note	Share capital S\$'000	Treasury share reserve S\$'000	Share compensation reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
Company (Unaudited)						
At 1 January 2023		75,484	(105)	142	6,621	82,142
Loss for the financial period, representing total comprehensive income for the financial period		-	-	-	(145)	(145)
Transaction with owners of the Company						
Share-based compensation expense ⁽¹⁾		-	-	29	-	29
Total transaction with owners of the Company		-	-	29	-	29
At 31 March 2023		75,484	(105)	171	6,476	82,026
At 1 April 2023		75,484	(105)	171	6,476	82,026
Profit for the financial period, representing total comprehensive income for the financial period		-	-	-	4,937	4,937
Transactions with owners of the Company						
Issuance of ordinary shares ⁽¹⁾	14	549	-	(79)	-	470
Treasury shares transferred ⁽²⁾	15	(105)	105	-	-	-
Dividends	18	-	-	-	(6,180)	(6,180)
Share-based compensation expense ⁽³⁾		-	-	24	-	24
Total transactions with owners of the Company		444	105	(55)	(6,180)	(5,686)
At 30 June 2023		75,928	-	116	5,233	81,277

(1) On 22 June 2023, the Company issued and allotted 1,235,072 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 and the transfer and use of 386,400 treasury shares, the number of issued and paid-up shares in the share capital of the Company has increased from 572,230,206 ordinary shares (excluding 386,400 treasury shares) to 573,851,678 ordinary shares.

(2) On 22 June 2023, the Company transferred and used 386,400 treasury shares for the allotment of shares pursuant to exercise of share options under the ISEC Healthcare Share Option Scheme.

(3) The Company has granted 3,809,150 options under the ISEC Healthcare Share Option Scheme on 22 April 2020 and 680,000 share awards under the ISEC Healthcare Performance Share Plan on 23 September 2022.

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

	Note	Share capital S\$'000	Treasury share reserve S\$'000	Share compensation 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		-	-	-	303	303
Transaction with owners of the Company						
Share-based compensation expense ⁽¹⁾		-	-	13	-	13
Total transaction with owners of the Company		-	-	13	-	13
At 31 March 2022		70,068	(105)	152	2,777	72,892
At 1 April 2022		70,068	(105)	152	2,777	72,892
Profit for the financial period, representing total comprehensive income for the financial period		-	-	-	2,109	2,109
Transactions with owners of the Company						
Issuance of ordinary shares ⁽²⁾	14	5,472	-	-	-	5,472
Share issue expenses	14	(16)	-	-	-	(16)
Dividends	19	-	-	-	(1,651)	(1,651)
Share-based compensation expense ⁽¹⁾		-	-	8	-	8
Total transactions with owners of the Company		5,456	-	8	(1,651)	3,813
At 30 June 2022		75,524	(105)	160	3,235	78,814

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

(2) 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.

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 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 30 June 2023 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 2022.

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

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

2.1. New and amended standards adopted by the Group

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

2. Basis of preparation (cont'd)

2.2 Use of judgements and estimates

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

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

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

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

Note 11 – Goodwill impairment assessment

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Disaggregation of revenue

	For six-month period ended 30 June					
	General health services		Specialised health services		Total	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Types of goods or services</u>						
Consultation, medication and procedures	1,980	2,228	32,402	25,707	34,382	27,935
<u>Timing of transfer of goods or services</u>						
At a point in time	1,961	2,204	32,402	25,707	34,363	27,911
Over time	19	24	-	-	19	24
	1,980	2,228	32,402	25,707	34,382	27,935

(a) Contract liabilities

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

	30 June 2023 \$'000	31 December 2022 \$'000
Contract liabilities, included in advances and contract liabilities	64	56

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 30 June	
	2023 \$'000	2022 \$'000
Revenue recognised that was included in the contract liability balance at the beginning of the period	12	10

4. Revenue recognition (cont'd)

(b) Transaction price allocated to remaining performance obligation

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

5. Segment information

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

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

The Group has two reportable segments as described below.

Business segments information

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

	Group	
	For six-month period ended 30	
	June	
	2023	2022
	\$'000	\$'000
Segment revenue		
Specialised health services	32,402	25,707
General health services	1,980	2,228
	34,382	27,935
Segment profit after tax		
Specialised health services	5,876	5,112
General health services	344	456
	6,220	5,568

5. Segment information (cont'd)

	Group	
	For six-month period ended 30	
	June	
	2023	2022
	\$'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	1,520	1,257
General health services	133	132
	1,653	1,389

	Group	
	30 June	31 December
	2023	2022
	\$'000	\$'000
Additions to property, plant and equipment		
Specialised health services	1,242	5,927
General health services	7	40
	1,249	5,967

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	
	For six-month period ended 30	
	June	
	2023	2022
	\$'000	\$'000
Segment revenue		
Singapore	5,964	5,325
Malaysia	27,469	21,741
Myanmar	949	869
	34,382	27,935

5. Segment information (cont'd)*Geographical information (cont'd)*

	Group	
	For six-month period ended 30	
	June	
	2023	2022
	\$'000	\$'000
Segment profit after tax		
Singapore	636	717
Malaysia	5,430	4,661
Myanmar	154	190
	6,220	5,568
Impairment loss for goodwill		
Singapore	-	-
Malaysia	-	-
Myanmar	-	-
	-	-
Depreciation of property, plant and equipment and right-of-use assets		
Singapore	163	174
Malaysia	1,359	1,105
Myanmar	131	110
	1,653	1,389
	1,653	1,389
	30 June	31 December
	2023	2022
	\$'000	\$'000
Additions to property, plant and equipment		
Singapore	7	127
Malaysia	1,193	5,816
Myanmar	49	24
	1,249	5,967
	1,249	5,967

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 its services, the Group is generally not reliant on any customer for its sales contribution and no single customer has accounted for 5% or more of the Group's total revenue except for 1 (30 June 2022: 1) corporate customer, which in total had contributed to 10% and 9% of the Group's total revenue for the financial period ended 30 June 2023 and 30 June 2022 respectively.

6. Taxation

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

	Group	
	For six-month period ended 30 June	
	2023	2022
	\$'000	\$'000
Current income tax expense	2,026	1,898
Deferred income tax expense relating to origination and reversal of temporary differences	(54)	(49)
	1,972	1,849
	1,972	1,849

7. Net Asset Value

	Group		Company	
	30 June	31	30 June	31
	2023	December	2023	December
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	2023	2022	2023	2022
Net asset value attributable to owners of the Company (S\$'000)	78,345	79,872	81,277	82,142
Number of ordinary shares in issue (excluding treasury shares)	573,851,678	572,230,206	573,851,678	572,230,206
Net asset value per ordinary share (S\$)	0.14	0.14	0.14	0.14

8. Fair value of assets and liabilities

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Cash and cash equivalents, trade and other receivables, trade and other payables and 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 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 and 1 January 2023	937	1,525	58	7,304	1,065	2,680	1,249	8,649	23,467
Additions	40	-	-	395	22	11	781	-	1,249
Written-off	(1)	-	-	-	-	-	-	-	(1)
Reclassification	-	-	-	(1)	1	-	(419)	419	-
Currency translation differences	(39)	(78)	(3)	(356)	(63)	(126)	(33)	(473)	(1,171)
At 30 June 2023	937	1,447	55	7,342	1,025	2,565	1,578	8,595	23,544

⁽¹⁾ During the financial period ended 30 June 2023, \$119,000 (FY2022: \$437,000) of the property, plant and equipment purchased remained unpaid and was included in other payables in the financial statements. During the financial year ended 31 December 2022, additions of \$52,000 of the property, plant and equipment relates to the provision for the restoration costs which is a non-cash transaction.

* Less than \$1,000

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 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 and 1 January 2023	527	82	53	4,702	478	1,309	-	-	7,151
Depreciation charge for the period	57	76	1	363	62	122	-	53	734
Written-off	(1)	-	-	-	-	-	-	-	(1)
Currency translation differences	(19)	(9)	(2)	(256)	(34)	(67)	-	(1)	(388)
At 30 June 2023	564	149	52	4,809	506	1,364	-	52	7,496
Carrying amount									
At 31 December 2022	410	1,443	5	2,602	587	1,371	1,249	8,649	16,316
At 30 June 2023	373	1,298	3	2,533	519	1,201	1,578	8,543	16,048

Assets under construction

Included in the Group's property, plant and equipment of \$1,578,000 (FY2022: \$1,249,000) as at 30 June 2023 mainly relates to the acquisition of land and 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 and premise 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 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 and 1 January 2023	9,370	7	1,500	10,877
Additions	86	-	70	156
Lease modification	(24)	-	-	(24)
Depreciation charge for the period	(616)	(2)	(301)	(919)
Currency translation differences	(389)	*	(66)	(455)
<hr/>				
At 30 June 2023	8,427	5	1,203	9,635
<hr/>				

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

* Less than \$1,000

10. Leases (cont'd)**As lessee (cont'd)****(b) Lease liabilities**

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

	Group	
	30 June 2023	31 December 2022
	\$'000	\$'000
Beginning of interim period / financial year	11,225	6,772
Acquisition of subsidiaries	-	4,361
Additions	156	2,451
Lease modification	(24)	(24)
Interest expense	226	366
Payments, net	(1,185)	(2,194)
Rental rebate	-	(3)
Currency translation differences	(477)	(504)
End of interim period / financial year	9,921	11,225
Current	1,412	1,652
Non-current	8,509	9,573

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

(c) Net investment in sublease

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

	Group	
	30 June 2023	31 December 2022
	\$'000	\$'000
Beginning of interim period / financial year	50	108
Accretion of interest income	1	3
Receipts, net	(31)	(61)
End of interim period / financial year	20	50
Current	20	50
Non-current	-	-

10. Leases (cont'd)

As lessee (cont'd)

(d) Amounts recognised in profit or loss

The following are the amounts recognised in profit or loss:

	Group	
	30 June 2023	30 June 2022
	\$'000	\$'000
Depreciation of right-of-use assets	919	849
Interest expense on lease liabilities	226	151
Interest income on sublease	(1)	(2)
Rental rebates	-	(3)
Lease expenses not capitalised in lease liabilities		
- Expenses relating to leases of short-term leases (included in cost of sales)	1	1
- Expenses relating to leases of short-term leases (included in administrative expenses)	17	-
- Expenses relating to leases of low-value leases (included in administrative expenses)	7	6
Total amount recognised in profit or loss	1,169	1,002

(e) Total cash outflow

The Group had total cash outflows for leases (including short-term and low-value leases) of S\$1,179,000 as at 30 June 2023 (30 June 2022: S\$1,024,000), 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 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)
At 31 December 2022 and 1 January 2023	509	140	54,215	5,300	155	60,319
Additions	1	18	-	-	-	19
Currency translation differences	(22)	(7)	(1,691)	-	-	(1,720)
At 30 June 2023	488	151	52,524	5,300	155	58,618

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 2022	524	-	-	3,843	155	4,522
Amortisation for the year	9	-	-	530	-	539
Currency translation differences	(31)	-	-	-	-	(31)
At 31 December 2022 and 1 January 2023	502	-	-	4,373	155	5,030
Amortisation for the period	2	-	-	265	-	267
Currency translation differences	(21)	-	-	-	-	(21)
At 30 June 2023	483	-	-	4,638	155	5,276
Carrying amount						
At 31 December 2022	7	140	54,215	927	-	55,289
At 30 June 2023	5	151	52,524	662	-	53,342

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

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

	30 June 2023	31 December 2022
	\$'000	\$'000
Goodwill		
ISEC Eye Pte. Ltd. ("ISEC Eye")	7,970	7,970
Southern Specialist Eye Centre Sdn. Bhd. ("SSEC")	10,874	11,437
JL Medical (Bukit Batok) Pte. Ltd. ("JLMBB")	3,939	3,939
JL Medical (Sembawang) Pte. Ltd. ("JLMS")	2,980	2,980
JL Medical (Woodlands) Pte. Ltd. ("JLMW")	3,509	3,509
JL Medical (Yew Tee) Pte. Ltd. ("JLMYT")	1,474	1,474
Indah Specialist Eye Centre Sdn. Bhd. ("Indah Specialist")	8,809	9,265
IE Centre Sdn. Bhd. ("IE Centre")	11,080	11,654
Kampar Eye Sdn. Bhd. ("Kampar Eye")	1,846	1,942
TE Centre Sdn. Bhd. ("TE Centre")	16	17
ME Centre Sdn. Bhd. ("ME Centre")	12	12
Taipung Eye Sdn. Bhd. ("Taiping Eye")	15	16
	52,524	54,215
	52,524	54,215

The Group has assessed that there is no further impairment to the carrying amount of goodwill as at 30 June 2023 based on the CGU's business performance. The Group performed its most recent impairment assessment in December 2022. The key assumptions used to determine the recoverable amounts for the CGUs were disclosed in the FY2022 Annual Report.

12. Non-controlling interests (“NCI”)

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

	ISEC Myanmar	
	30 June 2023	31 December 2022
Proportion of ownership interest held by non-controlling interest (%)	49	49
Profit after taxation allocated to NCI during the reporting period/financial year (\$'000)	68	229
Accumulated NCI at the end of reporting period (\$'000)	773	783

(a) Summarised financial information about subsidiary with material NCI

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

Summarised statement of financial position

	ISEC Myanmar	
	30 June 2023 \$'000	31 December 2022 \$'000
Non-current assets	629	611
Current assets	977	912
Non-current liabilities	(59)	(111)
Current liabilities	(152)	(182)
Net assets	1,395	1,230

Summarised statement of profit or loss and other comprehensive income

	ISEC Myanmar 6 Months Ended	
	30 June 2023 \$'000	30 June 2022 \$'000
Revenue	949	869
Profit for the financial period, representing total comprehensive income	139	190

12. Non-controlling interests (“NCI”) (cont’d)**(a) Summarised financial information about subsidiary with material NCI (cont’d)*****Other summarised information***

	ISEC Myanmar	
	6 Months Ended	
	30 June 2023	30 June 2022
	\$'000	\$'000
Net cash generated from operating activities	172	359
Net cash (used in)/generated from investing activities	(32)	1
Net cash used in financing activities	(152)	(44)
	<hr/>	<hr/>
Net change in cash and cash equivalents	(12)	316
	<hr/> <hr/>	<hr/> <hr/>

13. Borrowings

	Group	
	30 June	31 December
	2023	2022
	\$'000	\$'000
Bank loan A	1,637	2,119
Bank loan B	441	474
	<hr/>	<hr/>
	2,078	2,593
	<hr/>	<hr/>
Current	784	826
Non-current	1,294	1,767
	<hr/>	<hr/>

Bank loan A

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 S\$4,254,000) to partially finance the acquisition of a 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 period ended 30 June 2023 was 4.05% (FY2022: 3.75%). 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.

Bank loan B

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 to partially finance the acquisition of a 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 period ended 30 June 2023 was 4.42% (FY2022: 4.17%). The loan is secured by the building for which the loan was entered into.

14. Share capital

	Group and Company			
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	Number of ordinary shares		\$'000	
Issued and fully paid:				
At 1 January	572,616,606	550,735,471	75,484	70,068
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	1,235,072	-	358	-
Reclassification of fair value of exercised options from Share Compensation Reserve	-	-	79	-
Cash on exercise of share options in excess of cost of treasury shares	-	-	7	-
Less: Share issue expenses	-	-	-	(16)
End of interim period / financial year	573,851,678	572,616,606	75,928	75,484
	As at 30 June 2023		As at 31 December 2022	
Total number of issued shares (excluding treasury shares)	573,851,678		572,230,206	

The shareholders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restriction. As at 30 June 2023, the number of ordinary shares in issue was 573,851,678. There were no treasury shares as at 30 June 2023 (as at 31 December 2022: 386,400).

15. Treasury share reserve

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

	Group and Company			
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	Number of ordinary shares		\$'000	
Issued and fully paid:				
At 1 January	386,400	386,400	(105)	(105)
Treasury shares transferred for the exercise of options granted under Share Option Scheme	(386,400)	-	105	-
End of interim period / financial year	-	386,400	-	(105)

In the prior financial year, there were 386,400 treasury shares representing 0.067% of the Company's 572,230,206 ordinary shares (excluding treasury shares) as at year end.

16. Other reserves

Group	30 June 2023 \$'000	31 December 2022 \$'000
Foreign currency translation reserve	(4,669)	(2,668)
Merger reserve	(3,572)	(3,572)
Capital reserve	(4,463)	(4,463)
Share compensation reserve	116	142
	(12,588)	(10,561)
	(12,588)	(10,561)

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

Share option reserve

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

Subsidiary Holdings

There were no subsidiary holdings as at 30 June 2023 and 31 December 2022.

17. Earnings per share

	Group		Voluntary Disclosure	
	6 months ended		Group	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Earnings per share ("EPS")				
Profit attributable to owners of the parent (S\$'000)	6,131	5,484	2,774	3,180
Weighted average number of ordinary shares in issue (excluding treasury shares)	572,310,832	554,701,120	572,390,571	559,005,344
Basic (Singapore cents)	1.07	0.99	0.48	0.57
Adjusted weighted average number of ordinary shares in issue (excluding treasury shares) ⁽¹⁾	572,481,513	554,830,247	572,560,283	559,134,471
Fully diluted basis (Singapore cents)	1.07	0.99	0.48	0.57

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

18. Dividends

	Group and Company	
	30 June 2023	31 December 2022
	\$'000	\$'000
<i>Dividends on ordinary shares:</i>		
- Final tax-exempt dividend for 2022: 1.08 cents (2021: 0.30 cents) per share	6,180	1,651
- First interim tax-exempt dividend for 2023: nil (2022: 0.48 cents) per share	-	2,747
	<u>6,180</u>	<u>4,398</u>
Proposed but not recognised as a liability as at 31 December:		
- Final tax-exempt dividends on ordinary shares for 2022 of 1.08 cents per share, subject to shareholders' approval at the Annual General Meeting	-	6,180
	<u>-</u>	<u>6,180</u>

19. Events occurring after the reporting period

Political situation in Myanmar

Myanmar's military has further extended the country's state of emergency by another six months until 31 January 2024. The latest extension further delays the country's election, as it is known that election is prohibited to be held during the country's current state of emergency. As at the date of this announcement, ISEC Myanmar's clinic continues to be operational.

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

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

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

Outstanding Convertibles

On 22 April 2020, the Company granted 3,809,150 options under the ISEC Healthcare Share Option Scheme, of which 427,590 options from the total 3,809,150 options were granted to 4 eligible Directors. The Company had on 22 June 2023 issued and allotted 1,621,472 ordinary shares (including transfer and use of 386,400 treasury shares) in the share capital of the Company arising from exercised options granted under ISEC Healthcare Share Option Scheme. The total number of share options outstanding was 1,441,934 and 3,063,406 as at 30 June 2023 and 31 December 2022 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 630,000 and 680,000 as at 30 June 2023 and 31 December 2022 respectively.

There were no options and share awards granted pursuant to the Company's employee share options scheme and performance share plan as at 30 June 2023 and 31 December 2022 respectively.

Treasury Shares

There were no treasury shares held by the Company as at 30 June 2023. In the prior year, there were 386,400 treasury shares representing 0.067% of the Company's 572,230,206 ordinary shares (excluding treasury shares) as at 30 June 2022.

Subsidiary Holdings

There were no subsidiary holdings as at 30 June 2023 and 30 June 2022.

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

Please refer to “E. Notes to the Condensed Interim Financial Statements: 15. Treasury share reserve” above.

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 2022.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

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

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

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

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the
(a) Current financial period reported on; and
(b) Immediately preceding financial year

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

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group’s business. The review must discuss:

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

Review of comparative performance of the Group for the 6 months ended 30 June 2023 (“1H2023”) and 30 June 2022 (“1H2022”), and 3 months ended 30 June 2023 (“2Q2023”) and 30 June 2022 (“2Q2022”) where applicable.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Revenue

The Group recorded revenue of S\$34.38 million in 1H2023, an increase of 23% from 1H2022.

The Group’s specialised health services revenue shown a total increase of S\$6.70 million to S\$32.40 million in 1H2023 as compared to 1H2022. IE Centre and Kampar Eye which were acquired by the Group in May 2022 (the “Acquisition”), contributed S\$4.63 million to the Group in 1H2023, compared to S\$1.07 million in 1H2022. There was also an increase in patient visits and business activities of our eye centres as the countries lifted their international travel restrictions since 2Q2022 and shows greater confidence of the general population in leading lives in normalcy with COVID-19 treated as endemic.

The revenue from general health services decreased by S\$0.25 million between 1H2023 and 1H2022, mainly due to decreased number of COVID-19 swab tests performed by the Group’s general practitioner clinics.

Cost of sales

The increased cost of sales for 1H2023 was in line with increased revenue and business activities in the Group’s operations, with an increase shown of 26%, or S\$3.99 million to S\$19.09 million in 1H2023 compared to that in 1H2022.

Gross profit and gross profit margin

As a result of the above, gross profit increased by 19% to S\$15.29 million in 1H2023, compared to 1H2022. Gross profit margins in both 1H2022 and 1H2023 were 45.9% and 44.5% respectively, a

slight decrease of 1.4 percentage points between both periods.

Other income

Other income increased by S\$0.05 million, or 25%, to S\$0.24 million in 1H2023. The increase is mainly due to S\$0.05 million increase in interest income earned from bank deposits placement following the increased interest rate during 1H2023.

Administrative expenses

The Group recorded administrative expenses of S\$6.06 million in 1H2023, an increase of S\$1.42 million as compared to 1H2022.

The increase was mainly due to higher staff-related costs and depreciation charge of S\$0.73 million and S\$0.20 million respectively as a result of the increased business activities of the Group, together with increasing number of the Group's eye centres in Malaysia, and increased fixed assets acquired from the Acquisition.

Other expenses

Foreign exchange loss increased by S\$0.35 million between the periods, with further weakening of Ringgit Malaysia against Singapore Dollar in 1H2023 compared to that in 1H2022. The increase in exchange loss was partially offset by the loss on disposal of an associate (I Medical & Aesthetics Pte. Ltd.) recorded on 30 April 2022 which contributed S\$0.16 million to the other expenses in 1H2022.

Income tax expense

The effective tax rates of the Group in 1H2023 and 1H2022 were 24% and 25% respectively. Excluding the loss on disposal of associate of S\$0.16 million and transaction costs arising from the Acquisition of S\$0.08 million, the effective tax rate of the Group in 1H2022 would be 24%. The statutory corporate tax rates are 17% in Singapore, 24% in Malaysia and 22% in Myanmar.

Profit after tax

The Group reported a net profit of S\$6.22 million in 1H2023, an increase of S\$0.65 million from 1H2022, mainly attributed to the reasons explained above.

Review of comparative financial position of the Group as at 30 June 2023 and 31 December 2022.

Consolidated Statement of Financial Position

Non-current assets

Non-current assets decreased by S\$3.47 million to S\$79.21 million as at 30 June 2023. This was mainly attributable to the following:

- i) Depreciation expenses of property, plant and equipment of S\$0.73 million;
- ii) Depreciation expenses of right-of-use assets of S\$0.92 million;
- iii) Currency translation loss of S\$0.78 million on property, plant and equipment;
- iv) Currency translation loss of S\$0.46 million on right-of-use assets;
- v) Currency translation loss of S\$1.69 million on goodwill that arose from the acquisition of foreign subsidiaries; and
- vi) Amortisation expenses of S\$0.27 million on intangible assets.

The decrease in non-current assets was offset by:

- i) Additions of property, plant and equipment of S\$1.25 million mainly due to renovation expenditures for the respective centres in ISEC Melaka, ME Centre and Taiping Eye; and
- ii) Addition of right-of-use assets of S\$0.16 million, mainly due to the leasing of clinic/office premises and medical equipment.

Current assets

Current assets decreased by S\$3.50 million mainly attributable to the decrease in cash and cash equivalents of S\$4.53 million due to reasons mentioned in the review of cash flows of the Group.

The decrease in current assets was offset by:

- i) Increased inventories and trade receivables of S\$0.27 million and S\$0.55 million respectively in line with the Group's increased business activities; and
- ii) Increased deposits of S\$0.25 million for construction works at Taiping Eye's and TE Centre's properties.

Non-current liabilities

Non-current liabilities decreased by S\$2.64 million to S\$10.22 million as at 30 June 2023. This was mainly attributable to the following:

- i) Purchase consideration balance of S\$1.04 million due to vendors for the Acquisition reclassified to current liabilities upon becoming payable within 12 months as at end of 1H2023;
- ii) Lease payments of S\$1.15 million made for leased assets; and
- iii) Partial repayment of bank borrowings of S\$0.45 million.

Current liabilities

Current liabilities decreased by S\$2.77 million to S\$13.32 million as at 30 June 2023 mainly attributable to the payment of purchase consideration for the acquisition of IE Centre and Kampar Eye of S\$3.21 million. The decrease in current liabilities was offset by the reclassification of purchase consideration balance of S\$1.04 million from non-current liabilities as mentioned above.

Review of cash flows of the Group for 1H2023.

Consolidated Statement of Cash Flows

As at 30 June 2023, the Group's cash and cash equivalents decreased by S\$4.53 million from S\$20.63 million as at 31 December 2022.

Cash flows from operating activities

In 1H2023, net cash flow from operating activities was recorded at S\$7.83 million. This comprised operating cash flows before movements in working capital changes of S\$10.35 million, less changes in working capital outflow of S\$0.60 million and net income tax paid of S\$1.92 million.

Cash flows used in investing activities

Net cash used in investing activities in 1H2023 amounted to S\$4.64 million mainly due to the following factors:

- i) Payment for purchase of property, plant and equipment amounting to S\$1.57 million; and
- ii) Payment of the purchase consideration for the acquisition of IE Centre and Kampar Eye S\$3.21 million.

The cash outflow was offset by interest income received of S\$0.16 million.

Cash flows used in financing activities

Net cash used in financing activities was S\$7.16 million in 1H2023, mainly due to the following factors:

- i) FY2022 final dividend paid to shareholders in 2023 of S\$6.18 million;
- ii) Repayment of lease liabilities and its corresponding finance costs of S\$1.15 million; and
- iii) Repayment of loan and its corresponding interest expense of S\$0.45 million.

The cash outflow was offset by proceeds from exercise of share option of S\$0.47 million.

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

Not applicable. No forecast or prospect statement was previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Please refer to "E. Notes to the Condensed Interim Financial Statements: 19. Events occurring after the reporting period" above.

11. Dividend

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

Yes.

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

Name of dividend	First Interim Dividend
Dividend type	Cash
Dividend rate	0.76 Singapore cents (S\$0.0076) per ordinary share
Tax rate	Tax exempt (one-tier)

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

Name of dividend	First Interim Dividend
Dividend type	Cash
Dividend rate	0.48 Singapore cents (S\$0.0048) per ordinary share
Tax rate	Tax exempt (one-tier)

- (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 first interim dividend is tax exempt (one-tier) dividend.

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

The dividend will be paid on 30 August 2023.

- (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.**

The Share Transfer Books and Register of Members of the Company will be closed at 5:00 p.m. on 21 August 2023 for the purpose of determining shareholders' entitlements to the first interim tax exempt (one-tier) dividend in respect of the financial period ended 30 June 2023 (the "Interim 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 21 August 2023 will be registered to determine shareholders' entitlements to the Interim Dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with the Company's shares at 5.00 p.m. on 21 August 2023 will be entitled to the Interim 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 1H2023.

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

The Board of Directors of the Company confirms, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results for the 3-month and 6-month financial period ended 30 June 2023 to be false or misleading in any material aspect.

- 15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)**

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

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

Not applicable. No Acquisition and realisation of Shares were made during the reporting period.

BY ORDER OF THE BOARD

Dr Lee Hung Ming

Executive Vice Chairman
11 August 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.

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