



# **HC Surgical Specialists Limited**

**Condensed interim financial statements  
For the six months and full year ended 31 May 2023**

## Table of Contents

A.	Condensed interim consolidated statement of profit of loss and other comprehensive income .....	3
B.	Condensed interim statements of financial position .....	4
C.	Condensed interim statements of changes in equity .....	6
D.	Condensed interim consolidated statement of cash flows .....	9
E.	Notes to the condensed interim consolidated financial statements .....	11
F.	Other information required pursuant to Appendix 7C of the Catalist Rules .....	30

## A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	Group					
		6 months ended			12 months ended		
		31 May 2023 (Unaudited) S\$'000	31 May 2022 (Unaudited) S\$'000	Change %	31 May 2023 (Unaudited) S\$'000	31 May 2022 (Audited) S\$'000	Change %
Revenue	4.2	8,959	8,902	0.6%	19,077	19,311	-1.2%
<b>Other items of income</b>							
Other income		612	327	87.2%	1,476	1,456	1.4%
Gain on derecognition of financial assets		-	379	N.M.	-	379	N.M.
Gain/(loss) on modification of other financial liabilities and deferred consideration		57	-	N.M.	(262)	-	N.M.
Fair value (loss)/gain on financial assets at FVTPL		-	(81)	N.M.	-	608	N.M.
<b>Items of expense</b>							
Changes in inventories		92	23	300.0%	69	51	35.3%
Inventories, consumables and surgery expenses		(1,334)	(1,259)	6.0%	(2,697)	(2,695)	0.1%
Employee benefits expense		(3,365)	(3,328)	1.1%	(6,646)	(6,823)	-2.6%
Depreciation and amortisation		(915)	(807)	13.4%	(1,744)	(1,669)	4.5%
Lease expenses		(12)	(21)	-42.9%	(21)	(57)	-63.2%
Fair value loss on derivative financial instruments		(332)	-	N.M.	(49)	-	N.M.
Fair value loss on financial assets at FVTPL		(840)	-	N.M.	(1,742)	-	N.M.
Other expenses		(1,345)	(1,524)	-11.7%	(2,772)	(2,340)	18.5%
Finance costs		(348)	(376)	-7.4%	(636)	(474)	34.2%
Profit before income tax	6.1	1,229	2,235	-45.0%	4,053	7,747	-47.7%
Income tax expense	7	(474)	(329)	44.1%	(1,068)	(944)	13.1%
<b>Profit for the financial period/year, representing total comprehensive income for the financial period/year</b>		<b>755</b>	<b>1,906</b>	<b>-60.4%</b>	<b>2,985</b>	<b>6,803</b>	<b>-56.1%</b>
<b>Profit and total comprehensive income attributable to:</b>							
Owners of the parent		739	1,738	-57.5%	2,790	6,380	-56.3%
Non-controlling interests		16	168	-90.5%	195	423	-53.9%
		755	1,906	-60.4%	2,985	6,803	-56.1%
<b>Earnings per share (in cents)</b>							
- Basic and diluted	9	0.50	1.17	-57.3%	1.87	4.28	-56.3%

N.M. – Not meaningful

## B. Condensed interim statements of financial position

	Note	Group		Company	
		31 May 2023	31 May 2022	31 May 2023	31 May 2022
		(Unaudited) S\$'000	(Audited) S\$'000	(Unaudited) S\$'000	(Audited) S\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Plant and equipment	11	1,598	1,496	13	12
Intangible assets	12	3,358	4,037	-	2
Right-of-use assets		2,898	2,383	39	99
Investments in subsidiaries	13	-	-	13,464	14,339
Investment in associates	14	3,116	480	3,116	480
Investment in joint ventures		182	182	182	182
Debt instruments at amortised cost		-	1,882	-	1,882
Financial assets at FVTPL	15	5,850	10,044	5,850	10,044
Deferred tax assets		43	99	-	-
Derivative financial instruments	16	1,397	1,242	1,901	1,738
Other receivables		119	-	155	36
		<u>18,561</u>	<u>21,845</u>	<u>24,720</u>	<u>28,814</u>
<b>Current assets</b>					
Inventories		445	376	-	-
Trade and other receivables		1,749	1,556	2,466	1,909
Prepayments		246	255	95	114
Debt instruments at amortised cost		1,882	-	1,882	-
Financial assets at FVTPL	15	2,193	-	2,193	-
Cash and bank balances		6,187	6,928	3,205	2,837
		<u>12,702</u>	<u>9,115</u>	<u>9,841</u>	<u>4,860</u>
<b>Total assets</b>		<u>31,263</u>	<u>30,960</u>	<u>34,561</u>	<u>33,674</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	17	15,419	15,419	15,419	15,419
Treasury shares		(996)	(996)	(996)	(996)
Merger reserve		(815)	(815)	-	-
Capital reserve	18	(13,652)	(13,652)	(164)	(164)
Other reserve	19	(1,172)	(2,633)	-	-
Retained earnings		13,191	13,677	7,310	6,383
<b>Equity attributable to owners of the parent</b>		<u>11,975</u>	<u>11,000</u>	<u>21,569</u>	<u>20,642</u>
Non-controlling interests		108	221	-	-
<b>Total equity</b>		<u>12,083</u>	<u>11,221</u>	<u>21,569</u>	<u>20,642</u>

## B. Condensed interim statements of financial position (continued)

	Note	Group		Company	
		31 May 2023	31 May 2022	31 May 2023	31 May 2022
		(Unaudited) S\$'000	(Audited) S\$'000	(Unaudited) S\$'000	(Audited) S\$'000
<b>Non-current liabilities</b>					
Deferred tax liabilities		88	98	-	-
Derivative financial instruments	16	556	28	556	28
Other financial liabilities	20	578	2,096	-	-
Other payables	21	3,204	5,723	3,204	5,723
Bank borrowings	22	1,288	2,550	1,288	2,550
Provisions		144	106	21	21
Lease liabilities		1,897	1,492	36	76
		<u>7,755</u>	<u>12,093</u>	<u>5,105</u>	<u>8,398</u>
<b>Current liabilities</b>					
Trade and other payables	21	8,096	4,436	6,201	3,060
Bank borrowings	22	1,262	1,237	1,262	1,237
Provisions		13	-	-	-
Lease liabilities		1,049	973	181	198
Current income tax payable		1,005	1,000	243	139
		<u>11,425</u>	<u>7,646</u>	<u>7,887</u>	<u>4,634</u>
<b>Total liabilities</b>		<u>19,180</u>	<u>19,739</u>	<u>12,992</u>	<u>13,032</u>
<b>Total equity and liabilities</b>		<u>31,263</u>	<u>30,960</u>	<u>34,561</u>	<u>33,674</u>



### C. Condensed interim statements of changes in equity (continued)

Group (Audited)	Note	Share capital	Treasury shares	Merger reserve	Capital reserve	Other reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 June 2021		15,419	(996)	(815)	(3,930)	(12,658)	12,806	9,826	922	10,748
<b>Profit for the financial year</b>		-	-	-	-	-	6,380	6,380	423	6,803
<b>Total comprehensive income for the financial year</b>		-	-	-	-	-	6,380	6,380	423	6,803
<b>Distributions to owners</b>										
Dividends	8	-	-	-	-	-	(5,509)	(5,509)	-	(5,509)
<b>Total transactions with owners</b>		-	-	-	-	-	(5,509)	(5,509)	-	(5,509)
<b>Transactions with non-controlling interests</b>										
Acquisition of non-controlling interests without a change in control		-	-	-	(9,722)	8,182	-	(1,540)	(28)	(1,568)
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	(1,096)	(1,096)
<b>Total transactions with non-controlling interests</b>		-	-	-	(9,722)	8,182	-	(1,540)	(1,124)	(2,664)
<b>Others</b>										
Present value of forward purchase contract		-	-	-	-	1,843	-	1,843	-	1,843
<b>Total others</b>		-	-	-	-	1,843	-	1,843	-	1,843
Balance at 31 May 2022		15,419	(996)	(815)	(13,652)	(2,633)	13,677	11,000	221	11,221
<b>Group (Unaudited)</b>										
Group (Unaudited)	Note	Share capital	Treasury shares	Merger reserve	Capital reserve	Other reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 December 2021		15,419	(996)	(815)	(14,473)	(4,476)	14,023	8,682	126	8,808
<b>Profit for the financial period</b>		-	-	-	-	-	1,738	1,738	168	1,906
<b>Total comprehensive income for the financial period</b>		-	-	-	-	-	1,738	1,738	168	1,906
<b>Distributions to owners</b>										
Dividends	8	-	-	-	-	-	(2,084)	(2,084)	-	(2,084)
<b>Total transactions with owners</b>		-	-	-	-	-	(2,084)	(2,084)	-	(2,084)
<b>Transactions with non-controlling interests</b>										
Acquisition of non-controlling interests without a change in control		-	-	-	821	-	-	821	-	821
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	(73)	(73)
<b>Total transactions with non-controlling interests</b>		-	-	-	821	-	-	821	(73)	748
<b>Others</b>										
Present value of forward purchase contract		-	-	-	-	1,843	-	1,843	-	1,843
<b>Total others</b>		-	-	-	-	1,843	-	1,843	-	1,843
Balance at 31 May 2022		15,419	(996)	(815)	(13,652)	(2,633)	13,677	11,000	221	11,221

### C. Condensed interim statements of changes in equity (continued)

Company (Unaudited)		Share capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
	Note					
Balance at 1 June 2022		15,419	(996)	(164)	6,383	20,642
<b>Profit for the financial year</b>		-	-	-	4,203	4,203
<b>Total comprehensive income for the financial year</b>		-	-	-	4,203	4,203
<b>Distributions to owners</b>						
Dividends	8	-	-	-	(3,276)	(3,276)
<b>Total transactions with owners</b>		-	-	-	(3,276)	(3,276)
Balance at 31 May 2023		15,419	(996)	(164)	7,310	21,569

Company (Unaudited)		Share capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
	Note					
Balance at 1 December 2022		15,419	(996)	(164)	7,554	21,813
<b>Profit for the financial period</b>		-	-	-	1,245	1,245
<b>Total comprehensive income for the financial period</b>		-	-	-	1,245	1,245
<b>Distributions to owners</b>						
Dividends	8	-	-	-	(1,489)	(1,489)
<b>Total transactions with owners</b>		-	-	-	(1,489)	(1,489)
Balance at 31 May 2023		15,419	(996)	(164)	7,310	21,569

Company (Audited)		Share capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
	Note					
Balance at 1 June 2021		15,419	(996)	(164)	6,787	21,046
<b>Profit for the financial year</b>		-	-	-	5,105	5,105
<b>Total comprehensive income for the financial year</b>		-	-	-	5,105	5,105
<b>Distributions to owners</b>						
Dividends	8	-	-	-	(5,509)	(5,509)
<b>Total transactions with owners</b>		-	-	-	(5,509)	(5,509)
Balance at 31 May 2022		15,419	(996)	(164)	6,383	20,642

Company (Unaudited)		Share capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
	Note					
Balance at 1 December 2021		15,419	(996)	(164)	6,971	21,230
<b>Profit for the financial period</b>		-	-	-	1,496	1,496
<b>Total comprehensive income for the financial period</b>		-	-	-	1,496	1,496
<b>Distributions to owners</b>						
Dividends	8	-	-	-	(2,084)	(2,084)
<b>Total transactions with owners</b>		-	-	-	(2,084)	(2,084)
Balance at 31 May 2022		15,419	(996)	(164)	6,383	20,642



#### D. Condensed interim consolidated statement of cash flows for the Group

	6 months ended		12 months ended	
	31 May 2023 (Unaudited) S\$'000	31 May 2022 (Unaudited) S\$'000	31 May 2023 (Unaudited) S\$'000	31 May 2022 (Audited) S\$'000
<b>Operating activities</b>				
Profit before income tax	1,229	2,235	4,053	7,747
Adjustments for:				
Allowance for impairment loss on goodwill	182	745	677	745
Allowance for impairment loss on plant and equipment	135	7	135	7
(Reversal of allowance)/allowance for impairment loss on right-of-use assets	(12)	12	(12)	12
Amortisation of intangible assets	1	2	2	4
Third parties trade receivables written off	1	3	2	3
Depreciation of plant and equipment	239	242	440	505
Depreciation of right-of-use assets	675	563	1,302	1,160
Dividend income from a joint venture	(37)	(19)	(37)	(19)
Dividend income from financial assets at FVTPL	(52)	(63)	(642)	(655)
Gain on derecognition of financial asset	-	(379)	-	(379)
Fair value loss on derivative financial instruments	332	-	49	-
Fair value loss/(gain) on financial assets at FVTPL	840	81	1,742	(608)
Gain on disposal of investment in financial assets at FVTPL	(17)	-	(17)	-
Gain on divestment in a financial asset at FVTPL	-	-	(124)	-
(Gain)/loss on disposal of plant and equipment	-	(1)	15	15
(Gain)/loss on lease written off	-	(2)	-	5
(Gain)/loss on modification of other financial liabilities and deferred consideration	(57)	-	262	-
Interest expense	348	376	636	474
Interest income	(74)	(64)	(143)	(145)
Inventories written off	-	5	2	13
Plant and equipment written off	3	5	8	48
Reversal of provision for reinstatement not utilised	(16)	-	(16)	(16)
Rent concession	-	(7)	-	(14)
Operating cash flows before working capital changes	3,720	3,741	8,334	8,902
Working capital changes:				
Inventories	(92)	(28)	(71)	(64)
Trade and other receivables	(193)	315	(313)	764
Prepayments	143	43	10	(9)
Trade and other payables	689	(179)	281	(1,017)
Cash generated from operations	4,267	3,892	8,241	8,576
Income tax paid	(507)	(718)	(1,017)	(1,444)
Net cash from operating activities	3,760	3,174	7,224	7,132

#### D. Condensed interim consolidated statement of cash flows for the Group (continued)

	6 months ended		12 months ended	
	31 May 2023 (Unaudited) S\$'000	31 May 2022 (Unaudited) S\$'000	31 May 2023 (Unaudited) S\$'000	31 May 2022 (Audited) S\$'000
<b>Investing activities</b>				
Acquisition of additional equity interest in financial assets at FVTPL	-	(202)	-	(202)
Acquisition of equity interest in an associate	(428)	-	(428)	-
Acquisition of non-controlling interests in subsidiaries	-	-	-	(2,512)
Dividend received from a joint venture	37	19	37	19
Dividend received from financial assets at FVTPL	247	316	642	655
Interest received	74	10	142	68
Payment of deferred consideration	-	-	(1,812)	-
Proceeds from capital reduction in financial assets at FVTPL	55	32	83	100
Proceeds from disposal of plant and equipment	-	1	7	21
Proceeds from disposal of shares in financial assets at FVTPL	316	-	317	-
Purchase of plant and equipment	(188)	(51)	(707)	(220)
Net cash from/(used in) investing activities	113	125	(1,719)	(2,071)
<b>Financing activities</b>				
Dividends paid to owners of the parent	(1,489)	(2,084)	(3,276)	(5,509)
Dividends paid to non-controlling interests	(253)	(73)	(308)	(1,096)
Interest paid	(29)	(41)	(64)	(88)
Repayment of bank borrowings	(622)	(610)	(1,237)	(1,213)
Repayment of principal portion of lease liabilities	(654)	(551)	(1,256)	(1,124)
Repayment of interest portion of lease liabilities	(60)	(40)	(105)	(91)
Net cash used in financing activities	(3,107)	(3,399)	(6,246)	(9,121)
Net change in cash and cash equivalents	766	(100)	(741)	(4,060)
Cash and cash equivalents at beginning of financial period/year	5,421	7,028	6,928	10,988
Cash and cash equivalents at end of financial period/year	6,187	6,928	6,187	6,928

## **E. Notes to the condensed interim consolidated financial statements**

### **1. Corporate information**

HC Surgical Specialists Limited (the “**Company**”) is a public limited company incorporated and domiciled in Singapore. The Company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). These condensed interim consolidated financial statements as at and for the six months and twelve months ended 31 May 2023 comprise the Company and its subsidiaries (collectively, the “**Group**”).

The primary activity of the Company is that of an investment holding company. The principal activities of the Group are those of providing specialised medical services (including day surgical centres), clinics and other general medical services.

The financial information contained in this announcement has neither been audited nor reviewed by the Company's auditors. The latest audited annual financial statements of the Group were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

### **2. Basis of Preparation**

The condensed interim financial statements for the six months and twelve months ended 31 May 2023 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**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 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 latest audited annual financial statements for the year ended 31 May 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 dollar which is the Company's functional currency.

#### **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.

#### **2.2 Use of judgements and estimates**

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 May 2022.

## E. Notes to the condensed interim consolidated financial statements (continued)

### 2. Basis of Preparation (continued)

#### 2.2 Use of judgements and estimates (continued)

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 12 – Impairment of goodwill
- Note 13 – Impairment of investments in subsidiaries
- Note 14 – Impairment of investment in associates
- Note 15 – Fair value of financial assets measured at fair value through profit or loss (“FVTPL”)
- Note 16 – Fair value of derivative financial instruments (“DFI”)

### 3. Seasonal operations

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

### 4. Segment and revenue information

#### 4.1 Business and geographical segments

Not applicable, the Group has only a single business segment and one geographical segment.

#### 4.2 Disaggregation of revenue

	Group			
	6 months ended		12 months ended	
	31 May 2023 (Unaudited) S\$'000	31 May 2022 (Unaudited) S\$'000	31 May 2023 (Unaudited) S\$'000	31 May 2022 (Audited) S\$'000
<u>Type of goods or services</u>				
Provision of medical services	8,959	8,902	19,077	19,311
<u>Timing of transfer of goods and services</u>				
Point in time	8,959	8,902	19,077	19,311

## E. Notes to the condensed interim consolidated financial statements (continued)

### 4. Segment and revenue information (continued)

#### 4.2 Disaggregation of revenue (continued)

A breakdown of revenue and profit after tax for FY2023 and FY2022:

	Group		
	12 months ended		
	31 May 2023 S\$'000	31 May 2022 S\$'000	Increase/ (Decrease) %
(a) Sales reported for the first half year	10,118	10,409	-2.8%
(b) Operating profit after tax before deducting minority interests reported for first half year	2,230	4,897	-54.5%
(c) Sales reported for the second half year	8,959	8,902	0.6%
(d) Operating profit after tax before deducting minority interests reported for second half year	755	1,906	-60.4%

### 5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 May 2023 and 31 May 2022:

	Group		Company	
	31 May 2023 (Unaudited) S\$'000	31 May 2022 (Audited) S\$'000	31 May 2023 (Unaudited) S\$'000	31 May 2022 (Audited) S\$'000
<b>Financial Assets</b>				
Debt instruments at amortised cost	1,882	1,882	1,882	1,882
Fair value through profit or loss				
- Derivative financial instruments	1,397	1,242	1,901	1,738
Financial assets at FVTPL	8,043	10,044	8,043	10,044
Financial assets at amortised cost	8,055	8,484	5,826	4,782
	<u>19,377</u>	<u>21,652</u>	<u>17,652</u>	<u>18,446</u>
<b>Financial Liabilities</b>				
Financial liabilities designated at FVTPL	556	28	556	28
Other financial liabilities at amortised cost	17,082	18,263	12,014	12,719
	<u>17,638</u>	<u>18,291</u>	<u>12,570</u>	<u>12,747</u>

## E. Notes to the condensed interim consolidated financial statements (continued)

### 6. Profit before income tax

#### 6.1 Significant items

	Group			
	6 months ended		12 months ended	
	31 May 2023	31 May 2022	31 May 2023	31 May 2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Other income</b>				
Government grants	44	93	73	478
Dividend income	89	82	679	674
Interest income	74	64	143	145
<b>Other expenses</b>				
Allowance for impairment loss on goodwill	182	745	677	745
Allowance for impairment loss on plant and equipment	135	7	135	7
(Reversal of allowance)/allowance for impairment loss on right-of-use assets	(12)	12	(12)	12
Administrative charges	50	66	100	126
Third parties trade receivables written off	1	3	2	3
Credit card charges	69	66	155	130
(Gain)/loss on disposal of plant and equipment	-	(1)	15	15
(Gain)/loss on modification of other financial liabilities and deferred consideration	(57)	-	262	-
IT expenses	42	50	84	87
Plant and equipment written off	3	5	8	48
Professional fees	356	133	503	254

#### 6.2 Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

### 7. Income tax expense

	Group			
	6 months ended		12 months ended	
	31 May 2023	31 May 2022	31 May 2023	31 May 2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Current income tax</u>				
- current financial year	422	368	1,023	1,002
- over provision in prior financial years	(2)	-	(1)	(5)
	420	368	1,022	997
<u>Deferred tax</u>				
- current financial year	54	(39)	46	(53)
<b>Total income tax expense recognised in consolidated statement of comprehensive income</b>	474	329	1,068	944

## E. Notes to the condensed interim consolidated financial statements (continued)

### 8. Dividends

	Group			
	6 months ended		12 months ended	
	31 May 2023 (Unaudited) S\$'000	31 May 2022 (Unaudited) S\$'000	31 May 2023 (Unaudited) S\$'000	31 May 2022 (Audited) S\$'000
Final tax-exempt dividend of S\$0.023 per ordinary share for financial year ended 31 May 2021	-	-	-	3,425
First interim tax-exempt dividend of S\$0.014 per ordinary share for financial year ended 31 May 2022	-	2,084	-	2,084
Final tax-exempt dividend of S\$0.012 per ordinary share for financial year ended 31 May 2022	-	-	1,787	-
First interim tax-exempt dividend of S\$0.010 per ordinary share for financial year ended 31 May 2023	1,489	-	1,489	-
	<u>1,489</u>	<u>2,084</u>	<u>3,276</u>	<u>5,509</u>
Dividend amount per share (net of tax) (in S\$ cents)	1.00	1.40	2.20	3.70

### 9. Earnings per share

	Group			
	6 months ended		12 months ended	
	31 May 2023 (Unaudited)	31 May 2022 (Unaudited)	31 May 2023 (Unaudited)	31 May 2022 (Audited)
Earnings per share ("EPS")				
Profit attributable to owners of the parent (S\$)	739,000	1,738,000	2,790,000	6,380,000
Weighted average number of ordinary shares in issue	148,892,230	148,892,230	148,892,230	148,892,230
Basic EPS (cents per share)	0.50	1.17	1.87	4.28
Fully diluted EPS (cents per share)	0.50	1.17	1.87	4.28

The calculations of basic earnings per share for the relevant periods are based on profit attributable to owners of the parent for the financial period ended divided by the weighted average number of ordinary shares in the relevant periods.

The diluted earnings per share for the relevant periods are the same as the basic earnings per share as the Group does not have any dilutive options for the relevant periods.

### 10. Net asset value

	Group		Company	
	31 May 2023 (Unaudited)	31 May 2022 (Audited)	31 May 2023 (Unaudited)	31 May 2022 (Audited)
Net asset value ("NAV")				
NAV (S\$)	11,975,000	11,000,000	21,569,000	20,642,000
Number of ordinary shares in issue	148,892,230	148,892,230	148,892,230	148,892,230
NAV per ordinary share (S\$ cents)	8.04	7.39	14.49	13.86

## E. Notes to the condensed interim consolidated financial statements (continued)

### 11. Plant and equipment

During the twelve months ended 31 May 2023, the Group acquired assets amounting to S\$707,000 (31 May 2022: S\$220,000), disposed assets amounting to S\$59,000 (31 May 2022: S\$156,000), wrote off assets amounting to S\$129,000 (31 May 2022: S\$324,000), and impaired assets amounting to S\$135,000 (31 May 2022: S\$7,000).

### 12. Intangible assets

	Group		
	Goodwill S\$'000	Computer software S\$'000	Total S\$'000
<b>At 30 November 2022</b>			
<b>Cost</b>			
Balance at beginning and end of financial period	5,917	31	5,948
<b>Accumulated amortisation and impairment</b>			
Balance at 1 June 2022	1,882	29	1,911
Amortisation for the financial period	-	1	1
Impairment loss for the financial period	495	-	495
Balance at 30 November 2022	2,377	30	2,407
<b>Net carrying amount</b>			
Balance at 30 November 2022	3,540	1	3,541
<b>6 months ended 31 May 2023</b>			
<b>Cost</b>			
Balance at beginning and end of financial period	5,917	31	5,948
<b>Accumulated amortisation and impairment</b>			
Balance at 1 December 2022	2,377	30	2,407
Amortisation for the financial period	-	1	1
Impairment loss for the financial period	182	-	182
Balance at 31 May 2023	2,559	31	2,590
<b>Net carrying amount</b>			
Balance at 31 May 2023	3,358	-	3,358
<b>At 31 May 2023</b>			
<b>Cost</b>			
Balance at beginning and end of financial year	5,917	31	5,948
<b>Accumulated amortisation and impairment</b>			
Balance at 1 June 2022	1,882	29	1,911
Amortisation for the financial year	-	2	2
Impairment loss for the financial year	677	-	677
Balance at 31 May 2023	2,559	31	2,590
<b>Net carrying amount</b>			
Balance at 31 May 2023	3,358	-	3,358



E. Notes to the condensed interim consolidated financial statements (continued)

12. Intangible assets (continued)

	Group		
	Goodwill S\$'000	Computer software S\$'000	Total S\$'000
<b>At 30 November 2021</b>			
Balance at 1 June 2021	5,917	56	5,973
Written off	-	(12)	(12)
Balance at 30 November 2021	5,917	44	5,961
<b>Accumulated amortisation and impairment</b>			
Balance at 1 June 2021	1,137	50	1,187
Amortisation for the financial period	-	2	2
Written off	-	(12)	(12)
Balance at 30 November 2021	1,137	40	1,177
<b>Net carrying amount</b>			
Balance at 30 November 2021	4,780	4	4,784
<b>6 months ended 31 May 2022</b>			
Balance at 1 December 2021	5,917	44	5,961
Written off	-	(13)	(13)
Balance at 31 May 2022	5,917	31	5,948
<b>Accumulated amortisation and impairment</b>			
Balance at 1 December 2021	1,137	40	1,177
Amortisation for the financial period	-	2	2
Impairment loss for the financial period	745	-	745
Written off	-	(13)	(13)
Balance at 31 May 2022	1,882	29	1,911
<b>Net carrying amount</b>			
Balance at 31 May 2022	4,035	2	4,037
<b>At 31 May 2022</b>			
Balance at 1 June 2021	5,917	56	5,973
Written off	-	(25)	(25)
Balance at 31 May 2022	5,917	31	5,948
<b>Accumulated amortisation and impairment</b>			
Balance at 1 June 2021	1,137	50	1,187
Amortisation for the financial year	-	4	4
Impairment loss for the financial year	745	-	745
Written off	-	(25)	(25)
Balance at 31 May 2022	1,882	29	1,911
<b>Net carrying amount</b>			
Balance at 31 May 2022	4,035	2	4,037

E. Notes to the condensed interim consolidated financial statements (continued)

12. Intangible assets (continued)

	Company	
	31 May 2023 (Unaudited) S\$'000	31 May 2022 (Audited) S\$'000
<b>At 30 November</b>		
<b>Cost</b>		
Balance at beginning and end of financial period	13	13
<b>Accumulated amortisation</b>		
Balance at beginning of financial period	11	8
Amortisation for the financial period	1	2
Balance at end of financial period	12	10
<b>Net carrying amount</b>		
Balance at end of financial period	1	3
<b>6 months ended 31 May</b>		
<b>Cost</b>		
Balance at beginning and end of financial period	13	13
<b>Accumulated amortisation</b>		
Balance at beginning of financial period	12	10
Amortisation for the financial period	1	1
Balance at end of financial period	13	11
<b>Net carrying amount</b>		
Balance at end of financial period	-	2
<b>At 31 May</b>		
<b>Cost</b>		
Balance at beginning and end of financial year	13	13
<b>Accumulated amortisation</b>		
Balance at beginning of financial year	11	8
Amortisation for the financial year	2	3
Balance at end of financial year	13	11
<b>Net carrying amount</b>		
Balance at end of financial year	-	2

Amortisation expense was included in “depreciation and amortisation” line item of the consolidated statement of comprehensive income.

Goodwill arising from the business combinations was related to acquisition of subsidiaries, of which, each subsidiary is an individual cash-generating unit (CGU) that are expected to benefit from the business combinations. The carrying amount of goodwill had been allocated as follows:

## E. Notes to the condensed interim consolidated financial statements (continued)

### 12. Intangible assets (continued)

Name of subsidiaries	Group	
	31 May 2023 (Unaudited) S\$'000	31 May 2022 (Audited) S\$'000
LAI BEC Pte. Ltd. ("LBPL")	815	815
Julian Ong Endoscopy & Surgery Pte. Ltd. ("JOES")	-	677
Medical L & C Services Pte. Ltd. ("MLCS")	640	640
Medical Services @ Tampines Pte. Ltd. ("MST")	344	344
Jason Lim Endoscopy and Surgery Pte. Ltd. ("JLES")	828	828
GMH Endoscopy & Surgery Pte. Ltd. ("GMH")	731	731
	<u>3,358</u>	<u>4,035</u>

#### *Impairment test for goodwill*

As at 31 May 2023, the recoverable amount of the CGU has been determined based on value-in-use calculations using management-approved discounted cash flow projections covering a period of 5 years (31 May 2022: 5 years) and projected to terminal year. Management assessed 5 years cash flows and projection to terminal year for the financial forecast of the CGU is appropriate considering management's plan for its business plan in the near future. The growth rates did not exceed the long-term average growth rate for the CGU.

Key assumptions used for value-in-use calculations:

	Revenue growth rates		Discount rate	
	31 May 2023 (Unaudited)	31 May 2022 (Audited)	31 May 2023 (Unaudited)	31 May 2022 (Audited)
LBPL	2%	2%	10.2%	10.5%
JOES	-48% to 158%	-65% to 245%	10.2%	10.5%
MLCS	2% to 3%	2% to 3%	10.2%	10.5%
MST	2%	2%	10.2%	10.5%
JLES	7%	5% to 15%	10.2%	10.5%
GMH	10%	15% to 20%	10.2%	10.5%

Revenue growth rates – The forecasted growth rates are based on management's expectations for each CGU with reference to the historical trends as well as average growth rates of the industry.

Discount rate – Management estimates discount rates that reflect current market assessments of the time value of money and the risks specific to the CGUs.

During the current financial year, the Group has made an impairment loss of approximately S\$677,000 (31 May 2022: S\$745,000) to JOES under the healthcare segment. The carrying amount of such medical service, which represents a CGU by itself, was determined to be higher than its recoverable amount based on its current financial performance. The impairment loss was fully allocated to goodwill and included in "other expenses" line item of the consolidated statement of comprehensive income.

## E. Notes to the condensed interim consolidated financial statements (continued)

### 13. Investments in subsidiaries

	Company	
	31 May 2023	31 May 2022
	(Unaudited)	(Audited)
	S\$'000	S\$'000
Unquoted equity shares, at cost	19,593	19,593
Allowance for impairment loss	(6,129)	(5,254)
	13,464	14,339

Movement in allowance for impairment loss was as follows:

	Company	
	31 May 2023	31 May 2022
	(Unaudited)	(Audited)
	S\$'000	S\$'000
Balance at beginning of financial year	5,254	4,083
Impairment loss for the financial year	875	1,171
Balance at end of financial year	6,129	5,254

#### *Impairment on investments in subsidiaries*

As at the end of the reporting period, the Company carried out a review of the investments in subsidiaries, having regard for indicators of impairment on investments in subsidiaries based on the existing performance of subsidiaries. Following the review, an impairment loss of approximately S\$1,323,000 was recognised for two subsidiaries, which was partially offset against reversal of an impairment loss of approximately S\$448,000 for a subsidiary, for the financial year ended 31 May 2023 (31 May 2022: S\$1,171,000 for two subsidiaries).

The recoverable amount of the impaired subsidiaries was determined from value-in-use calculations using management-approved discounted cash flow projections covering a period of 5 years and projection to terminal year. The key assumptions for these value-in-use calculations are those regarding the discount rates and revenue growth rates disclosed above.

#### *Acquisition of non-controlling interests*

On 23 August 2021, the Company entered into a sale and purchase agreement to acquire the remaining 49.0% of the issued and fully paid-up capital in JLES. The consideration for the additional acquisition amounted to S\$9,059,471 (the “**Consideration**”), payable in cash to Jason Lim Holdings Pte. Ltd. and in shares to Dr. Jason Lim (“**Dr. Lim**” and together with Jason Lim Holdings Pte. Ltd., the “**Vendors**”) in the following manner: (i) S\$1,000,000 cash payment on the date of completion of the acquisition (the “**Completion Date**”); (ii) 20.0% of the Consideration in cash 1 year after the Completion Date or such other date as agreed between the Company and the Vendors; and (iii) balance cash payment and the issuance of such number of shares in the share capital of the Company, equivalent to approximately 20.0% of the Consideration (the “**Consideration Shares**”), credited as fully paid to Dr. Lim, at an issue price equal to the weighted average share price of the Company for the full market day on the day before the issuance of the Consideration Shares, 2 years after the Completion Date or such other date as agreed between the Company and the Vendors. Upon completion of the acquisition, JLES became a wholly-owned subsidiary of the Company.

## E. Notes to the condensed interim consolidated financial statements (continued)

### 13. Investments in subsidiaries (continued)

#### *Acquisition of non-controlling interests (continued)*

On 14 October 2022, the Company entered into a revised sale and purchase agreement pertaining to JLES to amend the previous payment terms of the purchase consideration. As a result, a loss on modification of approximately S\$319,000 was recognised and included in “gain/(loss) on modification of other financial liabilities and deferred consideration” line item of the consolidated statement of comprehensive income for the financial year ended 31 May 2023.

On 17 September 2021, the Company entered into a sale and purchase agreement to acquire the remaining 49.0% of the issued and fully paid-up capital in MLCS, with an aggregate cash consideration of approximately S\$1,512,000. Upon completion of the acquisition, MLCS became a wholly-owned subsidiary of the Company.

	Acquisition on		Total S\$'000
	23 August 2021 S\$'000	17 September 2021 S\$'000	
Carrying amount of non-controlling interests acquired	*	28	
Consideration for the acquisition of non-controlling interests	(8,238) #	(1,512)	
Premium on acquisition of non-controlling interests recognized in equity	(8,238)	(1,484)	(9,722)

\* Amount less than S\$1,000

# Amount represents the present value of the Consideration

#### *Acquisition of non-controlling interests (continued)*

The difference of approximately S\$9,722,000 between the consideration and the carrying amount of non-controlling interest acquired has been recognised as “Acquisition of non-controlling interests without a change in control” within the statement of changes in equity.

The effect of acquisitions of non-controlling interests on the consolidated statement of cash flows was as follows:

	12 months ended 31 May 2022 (Audited) S\$'000
Total purchase consideration	10,571
Less: Fair value adjustment to purchase consideration	(821)
Less: Deferred consideration	(7,238)
Net cash outflow on acquisition	2,512

## E. Notes to the condensed interim consolidated financial statements (continued)

### 14. Investment in associates

	Group and Company	
	31 May 2023 (Unaudited) S\$'000	31 May 2022 (Audited) S\$'000
Unquoted equity investments, at cost	3,116	480

#### *Acquisition of equity interest*

On 1 March 2023, the Company entered into a sale and purchase agreement, pursuant to which the Company acquired 35% of the issued and fully paid-up share capital of TOPL for a total purchase consideration of S\$2,467,000 including any applicable interest amount. The purchase consideration will be satisfied in full in the following manner: (i) S\$857,000 cash payment to Dr. Seah Renyi, Benjamin (“**Dr. Seah**”) upon the commencement of his employment, which intended to occur on or around 1 June 2023 or such other date as agreed between Dr. Seah and the Company; (ii) S\$900,000 cash payment to Dr. Seah in April 2024 or such other date as agreed between Dr. Seah and the Company; and (iii) S\$710,000 cash payment to Dr. Seah in December 2024 or such other date as agreed between Dr. Seah and the Company. In respect of the amount payable in (iii), an additional interest amount at the rate of 2% per annum or the prevailing personal fixed deposit rate for the same amount for an 8-month tenure, whichever is higher, calculated from 1 April 2024 to the date of payment, will be payable. The Company shall be allowed to pay the amount in (iii) or part thereof earlier than December 2024, and the interest shall be calculated accordingly based on the actual number of days from 1 April 2024 to the date of payment. Accordingly, the purchase consideration will comprise S\$2,467,000 and any interest to be paid as described above.

The Company will enter into a separate sale and purchase agreement to buy the remaining 65% of the total issued and paid-up share capital in TOPL from Dr. Seah (the “**Additional Sale Shares**”) at a later stage, with the completion of the proposed acquisition of the Additional Sale Shares to occur within six months after 1 October 2028 or 1 October 2030, or such other date to be agreed between Dr. Seah and the Company, at an amount that is ten times the unaudited profit after tax of TOPL for twelve months before the end of 1 October 2028 or 1 October 2030 after adjustments to exclude expenses incurred arising from consultancy fee paid to the Company, and Dr. Seah’s profit-share, multiplied by 0.65.

There were no fair values of the identifiable assets and liabilities, and no net profit figures available as at the date of acquisition for TOPL as it was incorporated on 25 November 2022 in the Republic of Singapore and has yet to commence operations. The principal activity of TOPL will be the provision of orthopaedic medical services, which offers synergy with the Group’s general surgery and endoscopy services. The book value and net tangible asset value of TOPL is S\$120 and there is no open market value available for TOPL.

The effect of acquisition of equity interest on the consolidated statement of cash flows was as follows:

## E. Notes to the condensed interim consolidated financial statements (continued)

### 14. Investment in associates (continued)

#### Acquisition of equity interest (continued)

	12 months ended 31 May 2023 (Unaudited) S\$'000
Total purchase consideration	2,467
Less: Fair value adjustment to purchase consideration	(155)
Less: Deferred consideration	(1,884)
Net cash outflow on acquisition	428

#### Impairment on investment in associates

As at 31 May 2023, the Company carried out a review of the investment in associates based on the existing performance of associates. Following the review, there was no impairment loss in the current financial year.

The recoverable amount of the investment in associates is determined from value-in-use calculations using management-approved discounted cash flow projections covering a period of 5 years and projection to terminal year using the following key assumptions:

	Group and Company			
	Revenue growth rates		Discount rate	
	31 May 2023 (Unaudited)	31 May 2022 (Audited)	31 May 2023 (Unaudited)	31 May 2022 (Audited)
Medistar Services Pte. Ltd. (“Medistar”)	3%	4%	10.2%	10.5%
Total Orthopaedics Pte. Ltd. (“TOPL”)	10% to 228%	-	10.2%	-

### 15. Financial assets at FVTPL

Financial assets at FVTPL comprise the following:

	Group and Company	
	31 May 2023 (Unaudited) S\$'000	31 May 2022 (Audited) S\$'000
	Balance at beginning of financial year	10,044
Additions	296	1,276
Capital reduction	(83)	(100)
Disposal	(300)	-
Divestment	(172)	-
Fair value (loss)/gain	(1,742)	608
Balance at end of financial year	8,043	10,044

On 22 November 2022, the Group and the Company received 1,748,827 ordinary shares in Aoxin Q & M Dental Group Limited (“Aoxin”) from its investment in Acumen Holdings Pte. Ltd. (“Acumen”) as part of Acumen’s winding up process. The fair value of the investment in Aoxin was approximately S\$178,000 as at 31 May 2023.

## E. Notes to the condensed interim consolidated financial statements (continued)

### 15. Financial assets at FVTPL (continued)

Financial assets at FVTPL decreased mainly due to fair value loss of S\$1,742,000, divestment of investment in Acumen of S\$172,000, capital reduction of S\$83,000 and disposal of investment of S\$300,000. There was a reclassification from non-current assets to current assets of S\$2,190,000 during the current financial year due to divestment within the next twelve months.

#### 15.1 Fair value measurement

The Group and the Company classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below classified financial assets at fair value through profit or loss by level of fair value hierarchy as at end of the reporting period:

	Fair value measurements using			Total S\$'000
	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	
<b>31 May 2023</b>				
<b>Financial Assets</b>				
Financial assets at FVTPL				
- Quoted equity securities	6,605	-	-	6,605
- Unquoted equity securities	-	-	1,438	1,438
	<u>6,605</u>	<u>-</u>	<u>1,438</u>	<u>8,043</u>
<b>31 May 2022</b>				
<b>Financial Assets</b>				
Financial assets at FVTPL				
- Quoted equity securities	8,404	-	-	8,404
- Unquoted equity securities	-	-	1,640	1,640
	<u>8,404</u>	<u>-</u>	<u>1,640</u>	<u>10,044</u>

### 16. Derivative financial instruments

	Group		Company	
	31 May 2023 (Unaudited) S\$'000	31 May 2022 (Audited) S\$'000	31 May 2023 (Unaudited) S\$'000	31 May 2022 (Audited) S\$'000
<b>Non-current assets</b>				
Put option	457	302	457	302
Forward purchase contracts	940	940	1,444	1,436
	<u>1,397</u>	<u>1,242</u>	<u>1,901</u>	<u>1,738</u>



## E. Notes to the condensed interim consolidated financial statements (continued)

### 16. Derivative financial instruments (continued)

	Group		Company	
	31 May 2023 (Unaudited)	31 May 2022 (Audited)	31 May 2023 (Unaudited)	31 May 2022 (Audited)
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current liabilities</b>				
Options to re-purchase	(28)	(28)	(28)	(28)
Forward purchase contracts	(528)	-	(528)	-
	(556)	(28)	(556)	(28)
	841	1,214	1,345	1,710

	Group		Company	
	31 May 2023 (Unaudited)	31 May 2022 (Audited)	31 May 2023 (Unaudited)	31 May 2022 (Audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at beginning of financial year	1,214	1,214	1,710	2,322
Recognition of derivative financial instruments	(324)	-	(324)	-
Fair value (loss)/gain recognised during the financial year	(49)	-	(41)	253
Derecognition of derivative financial instruments	-	-	-	(865)
Balance at end of financial year	841	1,214	1,345	1,710

#### *Put option*

This pertains to JOES, whereby the non-controlling interest granted the Company a put option to require the non-controlling interest to repurchase the issued and fully paid-up share capital held by the Company in JOES, at an amount in excess of the Company's investment, should the doctor's employment be terminated. As at the end of the reporting period, the fair value of the put option has been determined using the Binomial Option Pricing model and a fair value gain of S\$155,000 was included in the consolidated statement of comprehensive income. The significant judgement and assumptions to the valuation include volatility rate and risk-free rate.

#### *Forward purchase contracts*

The derivative financial instruments relate to the forward purchase contracts in connection with the Company's further acquisition of the remaining issued and fully paid-up share capital held by the non-controlling interests of certain subsidiaries and vendors of an associate as at the respective date of acquisitions as follows:

- (i) The Company's further acquisition of the remaining 45% of issued and fully paid-up share capital of Medistar by 1 September 2024 for the consideration of one time the average of audited profit after tax for the first five years from 1 June 2019 to 31 May 2024, subject to a minimum of S\$160,000 multiplied by the vendors' respective shareholding percentage held in Medistar and 15% equity interest for a consideration of S\$4,000 for every 1% shareholding held by the vendors upon termination of employment due to illness, incapacitation or death after the employment period of five years.

## E. Notes to the condensed interim consolidated financial statements (continued)

### 16. Derivative financial instruments (continued)

#### *Forward purchase contracts (continued)*

- (ii) The Company's further acquisition of the remaining 30% of issued and fully paid-up share capital (the "**Balance Sale Shares**") of JOES. On 20 January 2023, the Company had entered into an amended sale and purchase agreement ("**SPA**") with Julian Ong Surgery Pte. Ltd. and Dr. Julian Ong (collectively the "**Vendors**") in respect of the Balance Sale Shares of JOES. The SPA grants the Company an option to purchase the Balance Sale Shares from the Vendors (the "**Option to Purchase**"), for the total purchase consideration that shall be an amount that is ten times the audited profit after tax of JOES. The management is of the view that the Option to Purchase will highly likely be exercised.
- (iii) The Company's further acquisition of the remaining 49% of issued and fully paid-up share capital of GMH.
- (iv) The Company's further acquisition of the remaining 65% of issued and fully paid-up share capital of TOPL as disclosed in Note 14 above.

As at the end of the reporting period, the fair values of these derivative financial instruments have been determined based on the difference between spot price adjusted for the present value of dividends and the present value of the forward price. The significant judgement and assumptions to the valuations include estimated profit after tax for future years and risk-free rate.

#### *Options to re-purchase*

The option to re-purchase represents option granted to one (31 May 2022: one) non-controlling interest for the acquisition of LBPL (31 May 2022: LBPL). The Company has granted to the non-controlling interest an option to re-purchase up to 20% of the total issued shares in LBPL from the Company, at an exercise price of three times of LBPL's audited profit after tax for the recent financial year (at the time of exercise of the option), provided always that the vendor shall not be entitled to exercise the option prior to the end of 35 months from the date of commencement of the employment with the Group.

The fair value of the option to re-purchase is subsequently remeasured as at the end of the reporting period. As at the end of the reporting period, the fair value of derivative financial instrument has been determined using the Binomial Option Pricing model. The significant judgement and assumptions to the valuation include the volatility rate and risk-free rate.

### 17. Share capital

	Group and Company			
	31 May 2023	31 May 2022	31 May 2023	31 May 2022
	Number of ordinary shares		Amount	
	('000)		S\$'000	S\$'000
<b>Issued and fully-paid:</b>				
Balance at beginning and end of financial year (including treasury shares)	151,396	151,396	15,419	15,419

There have been no changes to the Company's share capital since the end of the previous period reported on, being 30 November 2022.

## E. Notes to the condensed interim consolidated financial statements (continued)

### 17. Share capital (continued)

There were 2,503,400 treasury shares (representing 1.68% of the Company's 148,892,230 ordinary shares (excluding treasury shares)) as at 31 May 2023 and as at 31 May 2022.

There are no subsidiary holdings as at 31 May 2023 and as at 31 May 2022.

There were no outstanding convertibles as at 31 May 2023 and as at 31 May 2022.

#### 17.1 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

	As at 31 May 2023	As at 31 May 2022
Total number of issued shares	148,892,230	148,892,230

#### 17.2 A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on

There were no sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

#### 17.3 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.

### 18. Capital reserve

Capital reserve relates to the realised gain or loss on subsequent re-issuance of treasury shares pursuant to the acquisition of subsidiaries and the differences between the consideration paid and the carrying amount of non-controlling interests acquired.

### 19. Other reserve

Other reserve represents the present value of the exercise price for the forward purchase contracts over non-controlling interests of subsidiaries.

### 20. Other financial liabilities

	Group	
	31 May 2023 (Unaudited) S\$'000	31 May 2022 (Audited) S\$'000
Present value at beginning of financial year	2,096	12,121
Unwinding interest expenses on other financial liabilities	196	374
Changes in estimated future cash flow on other financial liabilities	(1,657)	(2,217)
	(1,461)	(1,843)
Derecognition of other financial liabilities	-	(8,182)
Gain on modification of other financial liabilities	(57)	-
Present value at end of financial year	578	2,096

## E. Notes to the condensed interim consolidated financial statements (continued)

### 20. Other financial liabilities (continued)

Other financial liabilities pertain to the forward purchase contracts in connection with the Group's further acquisition of the remaining issued and fully paid-up share capital of certain subsidiaries as follows:

- (i) Remaining 49% of the issued and fully paid-up share capital of GMH (31 May 2022: GMH); and
- (ii) Remaining 30% of the issued and fully paid-up share capital of JOES (31 May 2022: JOES).

As at the end of the reporting period, the other financial liabilities are measured at the present value of the exercise price for the forward purchase contracts with a corresponding entry to "other reserve" line item in the Group's equity.

The changes in estimated future cash flow and the unwinding interest expenses on other financial liabilities of approximately S\$1,657,000 and S\$196,000 (31 May 2022: S\$2,217,000 and S\$374,000) respectively are included in "other reserve" line item in the Group's equity.

During the financial year, the gain on modification of other financial liabilities amounting to S\$57,000 is in respect of the revision of sale and purchase agreement relating to JOES.

The derecognition of other financial liabilities amounting to S\$8,182,000 was in respect of the exercise of the forward purchase contracts for JLES and MLCS for the financial year ended 31 May 2022.

Key assumptions used in the estimation of the present value of the exercise price for the forward purchase contracts as at the reporting date are as follows:

	Group	
	31 May 2023 (Unaudited)	31 May 2022 (Audited)
Discount rate	9.4%	9.4%
<u>Exercise price for forward purchase contracts</u>	<b>\$'000</b>	<b>\$'000</b>
JOES on 31 May 2026 (31 May 2022: depends on SMC outcome)	162	175
GMH on 1 November 2024	537	2,350

Discount rate – Management estimates discount rates that reflect current market assessments of the time value of money.

The carrying amounts of the other financial liabilities approximate its fair value.

### 21. Other payables

Other payables related to the outstanding purchase consideration for the acquisition of an additional 49.0% equity interest in JLES and acquisition of 35.0% equity interest in TOPL. During the current financial period, there was a change in the repayment period for the amount pertaining to JLES and part of the amount due was deferred by one year, hence resulting in a gain on modification of financial liability.

## E. Notes to the condensed interim consolidated financial statements (continued)

### 22. Bank borrowings

	<b>Group and Company</b>	
	<b>31 May 2023</b>	<b>31 May 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<u>Amount repayable within one year or on demand</u>		
Unsecured	1,262	1,237
<u>Amount repayable after one year</u>		
Unsecured	1,288	2,550

The Group and the Company had drawn down a term loan amounting to S\$5 million on 6 May 2020. It is unsecured, repayable over 48 months commencing from June 2021 to May 2025 and the loan interest is charged at a fixed rate of 2% per annum. The term loan is subject to financial covenants imposed by the bank.

The fair value of the Group and the Company's bank borrowings approximate their carrying amounts as they are at market lending rates for similar types of lending or borrowing at the end of the reporting period.

### 23. Subsequent events

On 6 July 2023, the Company disposed its shareholdings in Nuffield Dental Holdings Private Limited. The gain on disposal arising from the transaction amounted to approximately S\$7,000, which will be recorded in the financial year 2024.

## F. Other information required pursuant to Appendix 7C of the Catalyst Rules

### 1. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The condensed consolidated statement of financial position of HC Surgical Specialists Limited and its subsidiaries as at 31 May 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

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

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

#### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*Review for the performance of the Group for the twelve months ended 31 May 2023 ("FY2023") as compared to the twelve months ended 31 May 2022 ("FY2022").*

Revenue stayed relatively stable for FY2023 as compared to FY2022.

Loss on modification of other financial liabilities of approximately S\$0.26 million in FY2023 arose due to modification of forward purchase contract of a subsidiary and deferred consideration of JLES.

In FY2023, the fair value loss on financial assets at FVTPL of approximately S\$1.74 million was due to (i) the decrease in share price of Medinex Limited ("**Medinex**") in which the Company holds a direct interest of 22.66% and a deemed interest of 9.39% of Medinex's total issued share capital; (ii) the decrease in share price of Singapore Paincare Holdings Limited ("**SPCH**") in which the Company holds a direct interest of 3.31% of SPCH's total issued share capital; and (iii) the decrease in share price of Aoxin in which the Company holds a direct interest of 0.34% of Aoxin's total issued share capital. In FY2022, the fair value gain on financial assets at FVTPL of approximately S\$0.61 million arose primarily due to (i) the increase in share price of Medinex; (ii) the increase in share price of SPCH; and (iii) fair value gain on Acumen, which was partially offset by a fair value loss of HSN Healthcare Pte. Ltd..

Employee benefits expenses decreased by approximately S\$0.18 million due to lower leave encashment for the current financial year.

The increase in depreciation and amortisation expenses by approximately S\$75,000 was due to recognition of additional lease liabilities for new and renewed tenancy agreements entered in the current financial year for clinic premises, as well as purchase of plant and equipment during FY2023.

Fair value loss on derivative financial instruments ("**DFI**") of approximately S\$49,000 arose mainly due to the re-measurement of fair value for (i) put option of a subsidiary; and (ii) forward purchase contract of an associate.

Other expenses increased by approximately S\$0.43 million due to (i) allowance for impairment loss on plant and equipment of S\$0.14 million; and (ii) an increase in professional fees of S\$0.25 million incurred for the current financial year; which was partially offset by (i) lower goodwill impairment of S\$68,000, and (ii) reversal of allowance for impairment loss on plant and equipment and right-of-use (“ROU”) assets made in prior year of an aggregate amount of approximately S\$19,000.

Finance costs increased by approximately S\$0.16 million due to deemed interest expense on the deferred consideration payable for the acquisition of JLES and TOPL.

As a result of the abovementioned, profit before income tax decreased by approximately S\$3.69 million or 47.7% in FY2023 as compared to FY2022. Profit after income tax decreased by approximately S\$3.82 million or 56.1% in FY2023 as compared to FY2022.

### **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

***The comparative performance for both the assets and liabilities are based on the Group’s financial statements as at 31 May 2023 and 31 May 2022.***

Plant and equipment increased from approximately S\$1.50 million as at 31 May 2022 to S\$1.60 million as at 31 May 2023 due to additions of plant and equipment for new and existing clinics which was partially offset by depreciation, impairment, write off and disposal of plant and equipment.

Intangible assets comprise goodwill and computer software. The decrease in intangible assets from approximately S\$4.04 million as at 31 May 2022 to S\$3.36 million as at 31 May 2023 was primarily due to an allowance for impairment loss on goodwill of a subsidiary of S\$0.68 million.

ROU assets increased by approximately S\$0.52 million mainly due to recognition of ROU assets for new and existing clinics; partially offset by depreciation of ROU assets.

Investment in associates increased by approximately S\$2.64 million due to the acquisition of 35.0% equity interest in TOPL on 1 March 2023.

Debt instruments at amortised cost of S\$1.88 million was reclassified from non-current assets to current assets, as it relates to bonds maturing in August 2023.

Non-current financial assets at FVTPL decreased mainly due to fair value loss of S\$1.74 million, divestment of investment in Acumen of S\$0.17 million, capital reduction of S\$83,000 and disposal of investment of S\$0.30 million; which was partially offset by investment in Aoxin of S\$0.30 million.

DFI (non-current assets) increased by approximately S\$0.16 million due to fair value gain that arose due to the re-measurement of fair value for put option of a subsidiary.

Non-current other receivables related to the amount receivable from Dr. Julian Ong (“Dr. Ong”) as compensation for the damage that the Company suffered as a result of Dr. Ong’s SMC complaint.

Trade and other receivables increased by approximately S\$0.19 million due to an increase in trade receivables outstanding from patients and amount receivable from Dr. Ong within the next twelve months.

Current financial assets at FVTPL of S\$2.19 million was reclassified from non-current assets to current assets, due to divestment within the next twelve months.

Other reserve increased by approximately S\$1.46 million and other financial liabilities decreased by approximately S\$1.52 million due to the re-measurement of financial liabilities for forward purchase contracts of JOES and GMH.

DFI (non-current liabilities) increased by approximately S\$0.53 million due to recognition of DFI for a forward purchase contract for an associate and the fair value loss for the forward contract.

Non-current other payables related to the outstanding purchase consideration for (i) the acquisition of an additional 49.0% equity interest in JLES (“**JLES Acquisition**”); and (ii) the acquisition of 35.0% equity interest in TOPL (“**TOPL Acquisition**”). The decrease of approximately S\$2.52 million was due to the reclassification of a portion of the purchase consideration for JLES Acquisition to current liabilities.

Trade and other payables increased by approximately S\$3.66 million mainly due to the TOPL Acquisition and the reclassification of a portion of the outstanding purchase consideration for JLES Acquisition from non-current other payables. This was partially offset by payments of S\$1.81 million for the JLES Acquisition made in August 2022.

Current and non-current lease liabilities increased by approximately S\$0.48 million due to new and renewal of leases entered for new and existing clinics; partially offset by repayments made in FY2023.

Current and non-current bank borrowings decreased by approximately S\$1.24 million due to repayments made in FY2023.

## **CONSOLIDATED STATEMENT OF CASH FLOWS**

### ***Review for the performance of the Group for FY2023 as compared to FY2022***

The Group recorded net cash from operating activities of S\$7.22 million in FY2023 as compared to net cash from operating activities of S\$7.13 million in FY2022, due mainly to higher operating receipts.

Net cash used in investing activities in FY2023 of S\$1.72 million was primarily due to (i) TOPL Acquisition of S\$0.43 million; (ii) the dividends and interest received of S\$0.82 million; (iii) payment of deferred consideration for JLES of S\$1.81 million; (iv) proceeds from capital reduction in financial assets at FVTPL and disposal of plant and equipment of an aggregate amount of S\$90,000; and (vi) proceeds from disposal of shares in financial assets at FVTPL of S\$0.32 million; which was partially offset by the purchase of plant and equipment for new and existing clinics of S\$0.71 million. The net cash used in investing activities in FY2022 was primarily due (i) the acquisitions of additional 49.0% equity interests in each of JLES and MLCS of an aggregate amount of S\$2.5 million; (ii) the purchase of plant and equipment for existing clinics of S\$0.22 million; and (iii) acquisition of additional equity interest in financial assets at FVTPL of S\$0.20 million; which was partially offset by the dividends and interest received of S\$0.74 million; and proceeds from capital reduction in financial assets at FVTPL and disposal of plant and equipment of an aggregate amount of S\$0.12 million.

Net cash used in financing activities in FY2023 of S\$6.25 million was mainly related to (i) the payment of FY2022 final dividends of S\$1.79 million and FY2023 interim dividends of S\$1.49 million to shareholders; (ii) dividends paid to non-controlling interests of S\$0.31 million; (iii) repayment of bank borrowings of S\$1.24 million; and (iv) repayments of obligations (including the interest portion) under leases of S\$1.36 million.

Overall, the Group recorded a net decrease in cash and cash equivalents of S\$0.74 million in FY2023, resulting in cash and cash equivalents of S\$6.19 million as at 31 May 2023.



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

Not applicable as no forecast or a prospect statement has been disclosed previously.

**4. 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 operating period and the next 12 months**

In March 2023, the Group acquired a new associate, Total Orthopaedics Pte. Ltd., and welcomed its first orthopaedic specialist, Dr. Seah Renyi, Benjamin, who currently operates in several of our Group's clinics. The Group believes that this will offer synergy to the Group's principal activities of general surgery and endoscopy services, while increasing the utilization rate of the Group's facilities. The Group will continue to look for opportunities and suitable partners in its expansion plans, in addition to reinforce the Group's specialist platform to support the next generation of specialists.

The Ministry of Health (MOH) has recently introduced hospital fee benchmarks for the private sector. Previously, only doctor fees benchmarks were released by the MOH. This will further ensure transparency and allow patients to learn the costs of their medical treatments and surgery. The Group is of the view that the release of such benchmarks will have no impact on the Group's operations.

**5. Dividend**

If a decision regarding dividend has been made: -

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

Yes.

Name of Dividend	Interim
Dividend Type	Ordinary
Dividend Amount per Share (in S\$ cents)	1.00 cents per ordinary share (one tier tax exempt)
Tax Rate	Tax Exempt

The Directors are recommending a final dividend for FY2023 which will be subject to shareholders' approval at the forthcoming annual general meeting to be held in September 2023.

Name of Dividend	Proposed Final
Dividend Type	Ordinary
Dividend Amount per Share (in S\$ cents)	1.00 cents per ordinary share (one tier tax exempt)
Tax Rate	Tax Exempt

If approved, the final dividend of 1.00 cents per share including the interim dividend of 1.00 cents per share paid on 13 March 2023 would bring the total dividends for the financial year ended 31 May 2023 to 2.00 cents per share.

- (b) (i) Amount per share

Please refer to paragraph 5(a).

(ii) Previous corresponding period

Name of Dividend	Interim
Dividend Type	Ordinary
Dividend Amount per Share (in S\$ cents)	1.40 cents per ordinary share (one tier tax exempt)
Tax Rate	Tax Exempt

Name of Dividend	Final
Dividend Type	Ordinary
Dividend Amount per Share (in S\$ cents)	1.20 cents per ordinary share (one tier tax exempt)
Tax Rate	Tax Exempt

- (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.)

Please refer to paragraph 5(a).

- (d) The date the dividend is payable.

The Directors are pleased to recommend a final dividend of 1.00 cents per ordinary share amounting to approximately S\$1,489,000 in respect of the financial year ended 31 May 2023 for approval by the shareholders at the next Annual General Meeting to be convened on or before 30 September 2023.

The date of payment of the proposed final dividend, if approved at the Annual General Meeting, will be announced at a later date.

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

The record date will be announced at a later date.

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

	<b>FY2023 S\$'000</b>	<b>FY2022 S\$'000</b>
Ordinary shares (tax exempt 1- tier)		
- Interim	1,489	2,084
- Final (Proposed)	1,489 <sup>(1)</sup>	1,787
<b>Total Annual Dividend</b>	<b>2,978</b>	<b>3,871</b>

Note:-

- (1) The proposed final ordinary dividend for FY2023 is based on the estimated number of shares outstanding as at 27 July 2023.

## 6. Interested person transactions

The Group does not have a general mandate from shareholders for interested person transactions (“IPT”).

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920) (S\$’000)	Aggregate value of all interested person transactions conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) (S\$’000)
Chee & Heah Surgical Associates Pte. Ltd. <sup>(1)</sup>	Associate of Dr. Heah Sieu Min, the Executive Director of the Company	493	-
Farrer Park Holdings Pte. Ltd. <sup>(2)</sup>	Associate of Dr. Chia Kok Hong (“CKH”), the Executive Director of the Company	181	-
CH Hillford Investments Pte. Ltd. <sup>(3)</sup>	Associate of CKH	151	-

Notes:-

- (1) Rental of approximately half of the entire clinic space at 3 Mount Elizabeth #12-06 Mount Elizabeth Hospital Singapore 228510 from Chee & Heah Surgical Associates Pte. Ltd., which is 50% owned by Dr. Heah Sieu Min, the Executive Director and Chief Executive Officer of the Company. Please refer to announcement made on 12 January 2023.
- (2) Rental of entire clinic space at 1 Farrer Park Station Road #13-13 Connexion Singapore 217562 from Farrer Park Holdings Pte. Ltd., which is 100% owned by Dr. Chia Kok Hong (“CKH”), the Executive Director and Medical Director of the Company.
- (3) Rental of entire clinic space at 182 Jalan Jurong Kechil #01-66 The Hillford Singapore 596152 from CH Hillford Investments Pte. Ltd., which is 100% owned by CKH, the Executive Director and Medical Director of the Company.

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

Not applicable as the Group only has a single business and geographical segment. Please refer to paragraph 2 for the review of the Group’s performance.

## 8. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10). If there are no such persons, the issuer must make an appropriate negative statement

There is no person occupying a managerial position in the Company or any of its principal subsidiaries

who is related to a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704(10).

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

The Company confirms that it has procured undertakings from all of its directors and executive officers in the required format.

On behalf of the Board of Directors

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**Dr. Heah Sieu Min**  
Executive Director and Chief Executive Officer

Singapore  
27 July 2023

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**About HC Surgical Specialists Limited**

HC Surgical Specialists Limited (the "Company") was incorporated on 1 September 2015 in Singapore and listed on Catalist of the Singapore Exchange Securities Trading Limited on 3 November 2016. The Company, its subsidiaries and associated company are a medical services group primarily engaged in the provision of endoscopic procedures, including gastroscopies and colonoscopies and general surgery services with a focus on colorectal procedures across a network of 15 clinics located throughout Singapore.

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This announcement has been prepared by the Company and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "Sponsor"), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

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

The contact person for the Sponsor is Mr. Pong Chen Yih, Chief Operating Officer, at 7 Temasek Boulevard, #18-03B Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.