AJJ Medtech

(Company Registration Number: 198403368H)

Condensed interim financial statements
For the six months ended 30 June 2024

AJJ Medtech
(Company Registration Number: 198403368H)

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

	Group		
	6 months ended 30/06/2024	**6 months ended 30/06/2023**	Increase / (Decrease)
	S$'000	**S$'000**	%
	(Unaudited)	**(Unaudited)**	
Continuing operations			
Revenue	**1,389**	547	153.9
Cost of sales	**(950)**	(234)	306.0
Gross profit	**439**	313	40.3
Other operating income	**294**	51	476.5
Selling and distribution expenses	**(370)**	(153)	141.8
Administrative expenses	**(1,498)**	(1,317)	13.7
Other operating expenses	**(5)**	(13)	(61.5)
Finance costs	**(22)**	(23)	(4.4)
Loss before income tax	**(1,162)**	(1,142)	1.8
Income tax credit	**4**	-	nm
Loss from continuing operations	**(1,158)**	(1,142)	1.4
Discontinued operations			
Profit from discontinued operations, net of tax	**-**	31	(100.0)
Total loss for the year presenting loss attributable to equity holders of the Company	**(1,158)**	(1,111)	4.2
Other comprehensive (loss)/income, net of tax:			
Item that may be reclassified subsequently to profit or loss, net of tax			
Exchange differences on translation of a foreign operation, net of tax	**(1)**	(3)	(66.7)
Total comprehensive loss, for the financial period	**(1,159)**	(1,114)	4.0
Total loss per share, for the period attributable to the owners of the company			
Basic (in cents)	(0.094)	(0.122)	
Diluted (in cents)	(0.094)	(0.122)	
Weighted average number of shares used in the computation of basic and diluted loss per share from continuing operations and discontinued operation ('000)	1,229,485	933,802	

nm = not meaningful

Loss before tax is determined after crediting/(charging) the following:

	Group		
	6 months ended 30/06/2024 S$'000 (Unaudited)	**6 months ended 30/06/2023 S$'000 (Unaudited)**	Increase / (Decrease) %
Gain on lease modification	1	-	nm
Government grants	12	7	71.4
Liabilities written off	66	-	nm
Reversal of accruals	125	-	nm
Amortisation of intangible assets	(23)	(7)	228.6
Bank charges	(2)	(2)	-
Depreciation of plant and equipment	(62)	(80)	(22.5)
Depreciation of right-of-use assets	(122)	(112)	8.9
Employee benefits expenses	(1,182)	(839)	40.9

There are no material related party transactions apart from those disclosed in other information required by listing rule section.

B. Condensed interim statements of financial position

	Group		Company	
	30/06/2024 S$'000 (Unaudited)	31/12/2023 S$'000 (Audited)	30/06/2024 S$'000 (Unaudited)	31/12/2023 S$'000 (Audited)
NON-CURRENT ASSETS				
Plant and equipment	236	297	41	50
Right-of-use assets	1,255	777	125	183
Investment in subsidiaries	-	-	2,650	2,650
Intangible assets	42	65	-	-
Other non-current asset	9	9	-	-
Other receivables	62	53	-	-
	1,604	1,201	2,816	2,883
CURRENT ASSETS				
Inventories	1,238	963	24	24
Trade and other receivables	1,267	869	1,811	551
Cash and cash equivalents	86	409	10	133
	2,591	2,241	1,845	708
Total Assets	**4,195**	**3,442**	**4,661**	**3,591**
CURRENT LIABILITIES				
Lease liabilities	215	220	51	59
Deferred consideration	-	200	-	-
Trade and other payables	1,489	1,260	1,011	871
Loan and borrowings	500	500	500	500
Loan from a director	-	1,017	-	1,017
Amount due to directors	284	184	284	184
Provision for other liabilities	-	44	-	45
	2,488	3,425	1,846	2,676
NON-CURRENT LIABILITIES				
Provision for reinstatement costs	77	77	-	-
Lease liabilities	1,036	553	83	145
Deferred consideration	92	192	-	-
Loan and borrowings	-	400	-	-
Deferred tax liabilities	7	11	-	-
	1,212	1,233	83	145
Total Liabilities	**3,700**	**4,658**	**1,929**	**2,821**
Net current assets/(liabilities)	**103**	**(1,184)**	**(1)**	**(1,968)**
Net assets/(liabilities)	**495**	**(1,216)**	**2,732**	**770**

EQUITY				
Share Capital	45,615	42,745	45,615	42,745
Accumulated losses	(45,237)	(44,079)	(42,883)	(41,975)
Foreign currency translation reserve	-	1	-	-
Attributable to equity holders of the Company	378	(1,333)	2,732	770
Non-controlling interest	117	117	-	-
Total Equity	**495**	**(1,216)**	**2,732**	**770**

Aggregate amount of Group's borrowings and debt securities:

	Group		Company	
	30/06/2024 S$'000 (Unaudited)	**31/12/2023 S$'000 (Audited)**	**Secured S$'000 (Unaudited)**	**Unsecured S$'000 (Audited)**
Unsecured				
Term loan	-	400	-	-
Loan from a key management personal	500	500	-	500
	500	900	-	500
Disclosed as:-				
Non-current	-	400	-	-
Current	500	500	-	500
	500	900	-	500

C. Condensed interim statements of changes in equity

The Group	Share Capital	Accumulated Losses	Foreign Currency translation reserve	Total	Non-controlling interest	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
2024						
Balance at 1 January 2023	42,745	(44,079)	1	(1,333)	117	(1,216)
Issuance of new ordinary shares	2,991	-	-	2,991	-	2,991
Share issue expenses	(121)	-	-	(121)	-	(121)
Loss for the year	-	(1,158)	-	(1,158)	-	(1,158)
Other comprehensive loss for the financial period						
Foreign currency translation	-	-	(1)	(1)	-	(1)
Total comprehensive loss for the financial period	-	(1,158)	(1)	(1,159)	-	(1,159)
Balance at 30 June 2024	45,615	(45,237)	-	378	117	495
2023						
Balance at 1 January 2023	42,745	(41,552)	3	1,196	(70)	1,126
Loss for the financial period	-	(1,111)	-	(1,111)	-	(1,111)
Other comprehensive loss for the financial period						
Foreign currency translation	-	-	(3)	(3)	-	(3)
Total comprehensive loss for the financial period	-	(1,111)	(3)	(1,114)	-	(1,114)
Non-controlling interest on acquisition of a subsidiary	-	-	-	-	184	184
Balance at 30 June 2023	42,745	(42,663)	-	82	114	196

The Company	Share Capital capital	Accumulated Losses	Total equity
	S$'000	S$'000	S$'000
2024			
Balance at 1 January 2023	42,745	(41,974)	771
Issuance of new ordinary shares	2,991	-	2,991
Share issue expenses	(121)	-	(121)
Loss for the financial period	-	(909)	(909)
Total comprehensive loss for the financial period	-	(909)	(909)
Balance at 30 June 2024	45,615	(42,883)	2,732
2023			
Balance at 1 January 2023	42,745	(41,503)	1,242
Loss for the financial period	-	(1,103)	(1,103)
Total comprehensive loss for the financial period	-	(1,103)	(1,103)
Balance at 30 June 2023	42,745	(42,606)	139

D. Condensed interim consolidated statement of cash flows

	Group	
	6 months ended 30 June 2024	6 months ended 30 June 2023
	S$'000	S$'000
Cash flow from operating activities		
Loss before tax from continuing operations	**(1,162)**	(1,142)
Profit before tax from discontinued operation	**-**	31
	(1,162)	(1,111)
Adjustments for:		
Depreciation of plant and equipment	**61**	80
Depreciation of right-of-use assets	**122**	112
Amortisation of intangible assets	**23**	7
Interest expense on lease liabilities	**22**	23
Gain on lease modification	**(1)**	-
Gain on disposal of a subsidiary	**-**	(106)
Operating loss before working capital changes	**(935)**	(995)
Changes in working capital:		
Inventories	**(275)**	58
Trade and other receivables	**(407)**	(756)
Trade and other payables	**219**	269
Net cash used in operations	**(1,398)**	(1,424)
Interest paid	**(22)**	(23)
Net cash used in operating activities	**(1,420)**	(1,447)
Cash flows from investing activities		
Proceeds from disposal of a subsidiary, net of cash disposed	**-**	244
Acquisition of a subsidiary, net of cash acquired	**-**	130
Net cash generated from investing activities	**-**	374
Cash flows from financing activities		
Payment of principal portion of lease liabilities	**(109)**	(98)
Proceeds from loan from a director, net of repayment	**-**	1,400
Proceeds from loan and borrowings	**500**	208
Issuance of new ordinary shares, net of share issue expenses	**707**	-
Net cash generated from financing activities	**1,098**	1,510
Net (decrease)/increase in cash and cash equivalents	**(322)**	437
Cash and cash equivalents at beginning of financial period	**409**	170
Effect of currency translation on cash and cash equivalents	**(1)**	-
Cash and cash equivalents at end of the financial period	**86**	607

1. Corporate information

AJJ Medtech Holdings Limited (formerly known as OEL (Holdings) Limited) (the "**Company**") (Registration No. 198403368H) is incorporated and domiciled in Singapore as a limited liability company and is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

The registered office and principal place of business of the Company is located at 8 Commonwealth Lane, #02-04 Grande Building, Singapore 149555.

The condensed interim consolidated financial statements as at and for the six months period ended 30 June 2024 comprise the Company and its subsidiaries (collectively known as the "**Group**").

The principal activities of the Group are investment holding and the provision of integrated medtech solutions to healthcare facilities. The principal activities of the subsidiaries are:
(a) Investment holding on healthcare technologies and services;
(b) Provide supply chain solutions to public health institutes, including advanced medical devices and equipment, advanced medical technology development including digital solutions, and technology development;
(c) Conduct research and development of medical technologies, manufacture and repair of irradiation and electromedical devices such as HIFU machines and other medical equipment;
(d) Development of and distribution of:
    (i) devices and equipment for use in the healthcare and medical industries that are primarily driven by, or enhanced or integrated with, digital tools, artificial intelligence (AI), and robotics and other medical technologies;
    (ii) systems, solutions and applications (in software form or otherwise) that are based on or driven by digital tools, AI, robotics and other medical technologies that may be used in the healthcare and medical industries; and
(e) Childcare wellness enhancement education material.

2. Basis of preparation

The condensed interim consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the six months ended 30 June 2024 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 last interim financial statements for the period ended 31 December 2023.

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 financial statements are presented in Singapore Dollars (SGD or S$), which is the functional currency of the Company. All values are rounded to the nearest thousand (S$'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.

2.2. Use of judgements and estimates

The preparation of the 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. However, 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.

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 period affected.

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

i) *Impairment on investment in subsidiaries*

The recoverable amount of the investment is reviewed at the end of each reporting period to determine whether there is any indication that the investment has suffered an impairment loss. If any such indication exists, the carrying amount of the investment is determined on the basis of the net recoverable amount to determine the extent of the impairment loss.

ii) *Leases – estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in the lease, therefore it uses incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

iii) *Impairment assessment on non-financial assets*

An assessment is made for the reporting year whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts of cash-generating units if applicable is measured based on the fair value less costs of disposal or value in use calculations. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected.

iv) *Provision for Expected Credit Losses ("**ECLs**") of trade and other receivables*

The Group determines the expected credit loss for trade and other receivables based on assumptions about risk of default and expected credit loss rate. The Group adopts judgement in making these assumptions and selecting inputs for computing such impairment loss, broadly based on the available customer's historical data, like ageing analysis of the receivables, creditworthiness and the past collection history of each customer, existing market conditions and forward-looking estimates at end of each reporting date.

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

(a) *Products and services from which reportable segments derive their revenues*

The Group operates in the following segments:
1. Childcare wellness education material;
2. Healthcare digital products;
3. Healthcare products and services; and

4. Childcare wellness education (Discontinued operation).

Segment revenue represents revenue generated from external customers. Segment results represent the profit/(loss) earned/(incurred) by each segment without allocation of interest income, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible assets and financial assets attributable to each segment.

(b) Segment revenues and results

	6 months ended			
	30/06/2024 Revenue		**30/06/2023 Revenue**	
	S$'000	%	S$'000	%
Group				
Healthcare digital products	3	0.2	-	-
Healthcare products and services	1,386	99.8	547	100.0
	1,389	100.0	547	100.0
Timing of transfer of goods or services:				
At a point in time	1,389		547	

	6 months ended			
	30/06/2024 Results		**30/06/2023 Results**	
	S$'000	%	S$'000	%
Group				
Corporate and childcare wellness education material	(911)	78.7	(1,051)	94.6
Healthcare digital products	1	(0.1)	-	-
Healthcare products and services	(248)	21.4	(91)	8.2
Childcare wellness education (discontinued operation)	-	-	31	(2.8)
	(1,158)	100.0	(1,111)	100.0

The Group's revenue was derived from sales of healthcare products and services, sales of childcare wellness education material, and provision of childcare services, all of which operate in Singapore. There were no inter-segment sales during the periods ended 30 June 2024 and 31 December 2023.

(c) Segment assets and liabilities

As at 30 June 2024 and 30 June 2023, the allocation of the Group's total assets and liabilities to the reportable segments are as follows:

	Corporate and childcare wellness education material	Healthcare digital products	Healthcare products and services	Childcare wellness education (discontinued operation)	Total
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Group					
30 June 2024					
Assets					
Segment assets	503	-	3,692	-	4,195
Liabilities					
Segment liabilities	(1,557)	-	(2,143)	-	(3,700)
Other information					
Amortisation	-	-	(23)	-	(23)
Depreciation	(39)	-	(145)	-	(184)
Gain on disposal of a subsidiary	-	-	-	-	-
Group					
30 June 2023					
Assets					
Segment assets	1,214	-	3,052	-	4,266
Liabilities					
Segment liabilities	(2,394)	-	(1,676)	-	(4,070)
Other information					
Amortisation	-	-	(7)	-	(7)
Depreciation	(54)	-	(138)	-	(192)
Gain on disposal of a subsidiary	-	-	-	106	106

5. Categories of financial instruments

Financial instruments as at the reporting date are as follows:

	Group		Company	
	30/06/2024 S$'000	31/12/2023 S$'000	30/06/2024 S$'000	31/12/2023 S$'000
Financial assets				
At amortised cost				
Trade and other receivables	1,216	743	218	509
Cash and bank balances	86	409	10	133
	1,302	1,152	228	642
Financial liabilities				
At amortised cost				
Lease liabilities	1,251	773	134	204
Deferred consideration	92	392	-	-
Trade and other payables	1,489	1,142	900	1,371
Loan and borrowings	500	900	500	-
Loan from a director	-	1,017	-	1,017
Amount due to directors	284	184	-	184
	3,616	4,408	1,534	2,776

6. Taxation

The Group calculates the period income tax (credit)/expense using the tax rate that would be applicable to the expected total losses before tax. The major components of income tax (credit)/expense in the financial statements for the financial period ended 30 June 2024 and 30 June 2023 are as follows:

	Group	
	6 months ended	
	30/06/2024 S$'000	30/06/2023 S$'000
Continuing operations		
Current income tax expense	-	-
Deferred tax credit relating to reversal of taxable temporary differences	(4)	-
Income tax credit	(4)	-
Discontinued operations		
Current income tax expense	-	-
Deferred tax credit relating to reversal of taxable temporary differences	-	(1)
Income tax credit	-	(1)

7. Discontinued Operation

On 12 May 2023, the Group entered into a sale and purchase agreement ("**SPA**") for the sale of 100% of the shares of one of its subsidiaries, Discovery Kidz Preschool Pte. Ltd. (**"DKP**") for cash consideration of S$0.26 million. The disposal was completed on 23 June 2023.

DKP was previously not presented as discontinued operation or classified as held for sale as at 30 June 2023. Thus, the comparative consolidated statement of comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

The results of the discontinued operation are as follows:

	01/01/2024 to 30/06/2024 S$'000	01/01/2023 to 12/05/2023 S$'000
Revenue	-	77
Cost of sales	-	-
Gross profit	-	77
Other operating income	-	27
Administrative expenses	-	(160)
Other operating expenses	-	(15)
Finance costs	-	(5)
Loss before tax	-	(76)
Tax credit	-	1
Loss for the period	-	(75)
Gain on disposal of discontinued operation	-	106
Profit from discontinued operation	-	31

8. Dividends

No interim dividend for the period ended 30 June 2024 (30 June 2023: Nil) is recommended

9. Net Asset Value

	Group		Company	
	As at 30/06/2024 Cents	As at 31/12/2023 Cents	As at 30/06/2024 Cents	As at 31/12/2023 Cents
Net asset value per ordinary share	0.0329	(0.1302)	0.1818	0.0825

The calculation of net asset value per ordinary share was based on 1,502,938,302 shares as at 30 June 2024 (31 December 2023: 933,802,074).

10. Share capital

	30/06/2024		31/12/2023	
	No. of shares	Amount S$'000	No. of shares	Amount S$'000
Beginning of the financial period/year	933,802,074	42,745	933,802,074	42,745
Issuance of new ordinary shares	569,163,288	2,991	-	-
Share issue expenses	-	(121)	-	-
End of the financial period/year	1,502,965,362	45,615	933,802,074	42,745

The total number of issued shares excluding treasury shares was 1,502,938,302 as at 30 June 2024 and 933,802,074 as at 31 December 2023

There were no treasury shares held as at 30 June 2024 and 31 December 2023.

There were no subsidiary holdings as at 30 June 2024 and 31 December 2023.

There were no sales, transfers, cancellations and/or use of treasury shares or subsidiary holdings as at 30 June 2024 and 31 December 2023.

Other Information Required by Listing Rule Appendix 7.2

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

These figures have not been audited or reviewed by the auditors.

2. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).

Not applicable.

3. If the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion, to include:
(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. The Group and the Company have received an unmodified audit opinion in the recent audited financial statements.

4. 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

<u>REVIEW OF TURNOVER, COSTS AND EARNINGS</u>

<u>*Continuing operations*</u>

Revenue

The Group's revenue increased by S$0.84 million, rising from S$0.55 million for the 6-month period ended 30 June 2023 ("**1H2023**") to approximately S$1.39 million for the 6-month period ended 30 June 2024 ("**1H2024**"). This increase can be primarily attributed to the improved performance of the Group's segments of healthcare digital products and healthcare products and services. The growth stems from increased demand for the Group's products and services within the healthcare sector, driven by factors such as market expansion, product innovation, and strategic partnerships.

Other operating income

The Group's operating income for 1H2024 increased by S$0.24 million to S$0.29 million as compared to 1H2023. The increase is mainly due to the reversal of the prior years' accruals amounting to S$0.13 million and the write-off of liabilities totalling S$0.07 million in 1H2024.

Selling and distribution expenses

Selling and distribution expenses increased by S$0.22 million, from S$0.15 million in 1H2023 to approximately S$0.37 million in 1H2024. The increase is primarily due to the full incorporation of 1H2024 administrative expenses of a new subsidiary, Quest Asia Technologies Pte Ltd, which was acquired in June 2023. This increase in expenses was in line with the growth in revenue.

Administrative expenses

Administrative expenses increased by S$0.18 million, from S$1.32 million in 1H2023 to S$1.50 million in 1H2024. The increase is primarily due to the full incorporation of 1H2023 administrative expenses of a new subsidiary, Quest Asia Technologies Pte Ltd, which was acquired in June 2023. This increase in expenses was in line with the growth in revenue.

Other operating expenses

The other operating expenses in 1H2024 include stamp duty and property tax incurred upon the renewal of office leases. The other operating expenses in 1H2023 include the one-off introducer fee in relation to disposal of a subsidiary, Discovery Kidz Preschool Pte. Ltd ("**DKP**") in May 2023.

Finance costs

The Group's finance costs in 1H2024 remained largely unchanged compared to 1H2023, attributable to the interest expense related to the lease liabilities.

Loss for the financial period from continuing operations

As a result of the above, the Group reported a loss for the financial period of S$1.16 million in 1H2024 as compared to a loss of S$1.11 million in 1H2023.

Discontinued operation

As announced on 23 June 2023, the Group completed the disposal of its childcare wellness education business (the "**Disposal**") previously undertaken under its subsidiary, DKP with DKP ceasing to be a subsidiary of the Group on 12 May 2023.

The profit from discontinued operation in FY2023 of S$0.03 million comprised of the gain on disposal of DKP of S$0.11 million offset by the operating loss of DKP for the period from 1 January 2023 to 12 May 2023 (date of disposal) of S$0.08 million.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

<u>REVIEW OF WORKING CAPITAL, ASSETS AND LIABILITIES</u>

Non-current assets

Non-current assets increased by S$0.40 million, from S$1.20 million as of 31 December 2023 to S$1.60 million as of 30 June 2024. The increase was mainly due to the lease modification arising from the renewal of the office lease offset by depreciation for both the property, plant and equipment and right-of-use assets of which cumulatively amounted to S$0.18 million for 1H2024.

Current assets

Current assets increased by S$0.35 million from S$2.24 million as of 31 December 2023 to approximately S$2.59 million as of 30 June 2024. The increase was mainly due to the increase in inventories of S$0.27 million and trade and other receivables of S$0.40 million, offset by a decrease in cash and cash equivalent of S$0.32 million. These movements are in line with increases in revenue in 1H2024.

Current liabilities

Current liabilities decreased by S$0.94 million, from S$3.43 million as of 31 December 2023 to S$2.49 million as of 30 June 2024. The decrease is mainly due to the repayment of other payables of S$0.04 million, deferred consideration of S$0.2 million, loan and borrowings of S$0.5 million, and loan from a director of S$1.02 million through issuance of new ordinary shares (the "**capitalisation**") in 1H2024. Details of the capitalisation can be found in announcements dated 8 January 2024, 17 January 2024, 26 February 2024 and 5 March 2024. These repayments were offset by a new loan and borrowings of S$0.5 million received in May 2024.

Non-current liabilities

Non-current liabilities decreased slightly by approximately S$0.02 million, from S$1.23 million as of 31 December 2023 to S$1.21 million as of 30 June 2024. This was primarily due to an increase of S$0.48

million in lease liabilities arising from lease modification which was offset by the capitalisation in 1H2024. Details of the capitalisation can be found in announcements dated 8 January 2024, 17 January 2024, 26 February 2024 and 5 March 2024.

REVIEW OF CASH FLOW STATEMENT

Net cash used in operating activities

In 1H2024, the Group recorded a net cash outflow for operating activities of S$1.42 million. The net operating cash outflow was mainly due to operating losses before working capital changes of S$0.93 million and adjusted for working capital outflow of S$0.46 million. Working capital outflow is mainly due to (i) an increase in inventories of S$0.27 million, (ii) an increase in trade and other receivables of 0.41 million (iii) a decrease in trade and other payables of S$0.22 million.

Net cash generated from investing activities

There was no net cash generated from investing activities in the financial period ended 30 June 2024.

Net cash generated from financing activities

Net cash generated from financing activities of S$1.10 million in the financial period ended 30 June 2024 arose mainly from proceeds from loans and borrowings of S$0.50 million, issuance of new ordinary shares, net of share issue expenses of S$0.71 million, offset by the payment for principal portion of lease liabilities of S$0.11 million.

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

Not applicable.

6. 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.

In the next 12 months, a number of significant trends and competitive landscape in the healthcare sector may affect the Company, including without limitation:

The Company is intensifying efforts to leverage rapid advancements in digital health, Artificial Intelligence (AI), and robotics. We are committed to developing and integrating these technologies across our product offerings. In addition to our continuous promotion of the complementary cutting-edge AI-product suite in the ultrasound business line, we have collaborated with our partner to co-develop and launch the On Call Diabetes Management Platform. This cloud system allows care managers to streamline their workflow, holistically manage diabetic patients, and prepare for telemedicine in the future. Specifically designed for Singapore’s care managers, this platform reflects our commitment to listening to our customers. We continuously work with our partners to co-develop digital solutions in both medical and dental business lines.

Acknowledging the challenge of rising healthcare expenses in Singapore, the Company is dedicated to provide competitively priced products without compromising on quality. Our turn-key supply chain solutions are designed to align with the quality of sector leaders. We are continuously expanding our international partnerships to meet the growing demand in Singapore while reorganising our team to expand outreach to our customers. This includes entering new regional and private channels and realising synergies among our subsidiaries. Now, with more than 40 international partners, we are better placed to navigate the challenges associated with rising medical costs in Singapore and the region through different product lines as we gradually enter new markets with our partners in the region.

As Singapore and the region face the challenges of an ageing population, the Company is committed to providing solutions that cater specifically to the needs of this demographic. Our Blood Glucose Monitoring Systems combat the chronic disease of diabetes in Singapore. By enhancing the accessibility and affordability of healthcare solutions, we ensure high-quality care is within reach of the elderly population, supporting their health and well-being. We are now officially launched in 43 public health institutes' pharmacies and online channels. Our prices are substantially lower than that of our renowned competitor and have been received with overwhelming responses. Our On Call Diabetes Management Platform will complement these digital solutions to provide better care management.

In line with global sustainability responsibilities, the Company is dedicated to promoting sustainability through the introduction of more environmentally friendly medical products, reducing environmental impact from healthcare activities. The Company's sustainable practices align with global sustainability principles, namely the SASB Medical Equipment and Supplies standard. Additionally, to demonstrate our commitment to Environmental, Social, and Governance (ESG) responsibility, we are adopting the Progressive Wage practice in alignment with the efforts from the Ministry of Manpower of Singapore. The Company will continue to explore opportunities to optimise our sustainability practices.

The healthcare sector, including the Company, faces challenges from supply chain disruptions exacerbated by recent geopolitical conflicts. These disruptions highlight the vulnerability of global supply networks and the importance of resilience and adaptability in maintaining operations. The Company's strategic focus on developing robust supply chain solutions with international partners in non-affected areas is crucial in navigating these uncertainties, ensuring the continuous delivery of healthcare products and services despite external pressures.

The Group will continue to explore and evaluate strategic business opportunities, including but not limited to strategic investments, partnerships, or acquisitions, adapting to emerging trends and challenges within the MedTech industry. Our commitment to innovation, partnership, and sustainability positions us to effectively address the evolving needs of the healthcare sector in Singapore and the region and has the potential to generate value for shareholders.

The Company is currently engaged in a proactive capital-raising effort to enhance our liquidity and support our strategic growth initiatives. We are diligently exploring diverse financing channels to ensure the robust continuation of our operations and the realisation of our long-term objectives.

7. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Whether the dividend is before tax, net of tax or tax-exempt?

Not applicable.

(d) Date payable

Not applicable.

(e) Books closure date

Not applicable.

8. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared or recommended for the year ended 30 June 2024 in view that the Group is loss-making and focusing on expanding its business operations, in particular the Group's healthcare products and services segment.

9. If the group has obtained a general mandate from shareholders for IPTs, 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 Group has not obtained a general mandate for the IPTs from the shareholders.

10. Confirmation that the interim financial statements not false or misleading in any material aspect in pursuant to Rule 705(5) of the Listing Manual.

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the financial period ended 30 June 2024 to be false or misleading in any material aspect.

11. 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) of the Listing Manual).

The Company hereby confirms that it has already procured undertakings from all its Directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

BY ORDER OF THE BOARD

ZHAO XIN
CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR
8 August 2024

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*This announcement has been reviewed by the Company's Sponsor, Evolve Capital Advisory Private Limited (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").*

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.

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