



**Econ Healthcare (Asia) Limited
and its subsidiaries
Registration Number: 200400965N**

Condensed consolidated interim financial statements
For the six-month period ended 30 September 2022

The Company has prepared this announcement and its contents have been reviewed by the, DBS Bank Ltd ('Sponsor') for compliance with the Catalist Rules. The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact persons of the Sponsor are Mr Goh Chyan Pit, Managing Director and Mr Kelvin Wong, Senior Vice President, who can be contacted at 12 Marina Boulevard, Level 46, Marina Bay Financial Centre Tower 3, Singapore 018982, Telephone +65 6878 8888.

Econ Healthcare (Asia) Limited and its subsidiaries

Table of contents	Page
Condensed consolidated interim income statement	2
Condensed consolidated interim statement of comprehensive income	3
Condensed consolidated interim statements of financial position	4
Condensed consolidated interim statements of changes in equity	5
Condensed interim consolidated statement of cash flows	8
Notes to the condensed interim consolidated financial statements	10
Other information required by Listing Rule Appendix 7.2	27

Certain numerical figures set out in this Announcement, including financial data presented in millions or thousands and percentages, have been subject to rounding adjustments, and, as a result, the totals of the data in this Announcement may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other data set forth in paragraph 4 of other information required by Listing Rule 7.2 of this Announcement are approximate figures and have been calculated using the numerical data in our consolidated financial statements or the tabular presentation of other data (subject to rounding) contained in this Announcement, as applicable, and not using the numerical data in the narrative description thereof.

Econ Healthcare (Asia) Limited and its subsidiaries

**Condensed consolidated interim income statement
For the six-month period ended 30 September 2022**

	Note	For the six-month period ended 30 September		Change
		2022 \$'000	2021 \$'000	%
Revenue	5	21,215	19,580	8.4
Other income	6	3,496	969	260.8
Supplies and consumables		(2,967)	(2,904)	2.2
Staff costs		(11,408)	(9,671)	18.0
Depreciation of property, plant and equipment		(664)	(631)	5.2
Depreciation of right-of-use assets		(3,921)	(2,638)	48.6
Utilities expenses		(777)	(491)	58.2
Reversal of/(impairment losses) on trade receivables		7	(2)	(450.0)
Fair value losses on investment in quoted shares		(2)	–	N.M.
Other operating expenses		(2,316)	(1,877)	23.4
		<u>2,663</u>	<u>2,335</u>	14.0
Finance costs, net	7	(701)	(585)	19.8
Share of loss of associate, net of tax		(7)	–	N.M.
Profit before tax		<u>1,955</u>	<u>1,750</u>	11.7
Tax expense	9	(380)	(329)	15.5
Profit for the period	8	<u>1,575</u>	<u>1,421</u>	10.8
Profit attributable to:				
Owner of the Company		1,688	1,612	4.7
Non-controlling interests		(113)	(191)	(40.8)
Profit for the period		<u>1,575</u>	<u>1,421</u>	10.8
Earnings per share				
Basic and diluted earnings per share (cents)	17	<u>0.66</u>	<u>0.63</u>	4.7

N.M. – Not meaningful

Econ Healthcare (Asia) Limited and its subsidiaries

**Condensed consolidated interim statement of comprehensive income
For the six-month period ended 30 September 2022**

	For the six-month period ended 30 September		Change
	2022	2021	
	\$'000	\$'000	%
Profit for the period	1,575	1,421	10.8
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences – foreign operations	(629)	49	(1383.7)
Total comprehensive income for the period	<u>946</u>	<u>1,470</u>	(35.6)
Total comprehensive income attributable to:			
Owner of the Company	1,005	1,641	(38.8)
Non-controlling interests	(59)	(171)	(65.5)
Total comprehensive income for the period	<u>946</u>	<u>1,470</u>	(35.6)

N.M. – Not meaningful

Econ Healthcare (Asia) Limited and its subsidiaries

**Condensed consolidated interim statements of financial position
As at 30 September 2022**

	Note	Group		Company	
		30 September 2022 \$'000	31 March 2022 \$'000	30 September 2022 \$'000	31 March 2022 \$'000
Assets					
Property, plant and equipment	10	18,279	17,930	748	814
Right-of-use assets	11	43,256	40,858	2,959	3,791
Investment property	12	7,776	8,092	–	–
Subsidiaries		–	–	25,369	23,899
Associate		46	53	–	–
Deferred tax assets		162	133	30	5
Trade and other receivables	13	1,816	1,757	2,379	1,912
Non-current assets		71,335	68,823	31,485	30,421
Inventories		16	13	–	–
Current tax assets		236	230	–	–
Finance lease receivables		–	18	–	–
Trade and other receivables	13	4,593	5,552	2,893	2,738
Investment in quoted shares		396	–	396	–
Cash and short-term deposits		25,171	26,102	13,997	13,283
Current assets		30,412	31,915	17,286	16,021
Total assets		101,747	100,738	48,771	46,442
Liabilities					
Provision for restoration costs		635	632	217	217
Deferred capital grants		1,749	1,606	–	–
Deferred tax liabilities		334	357	–	–
Lease liabilities		38,026	35,748	1,438	2,247
Loans and borrowings	18	2,088	3,147	–	–
Non-current liabilities		42,832	41,490	1,655	2,464
Current tax liabilities		911	976	115	61
Lease liabilities		7,359	7,083	1,674	1,725
Loans and borrowings	18	3,931	3,997	–	–
Trade and other payables	19	9,721	11,250	6,872	4,046
Current liabilities		21,922	23,306	8,661	5,832
Total liabilities		64,754	64,796	10,316	8,296
Share capital	14	28,255	28,255	28,255	28,255
Currency translation reserve	15	(3,606)	(2,923)	–	–
Merger reserve	15	(99)	(99)	–	–
Accumulated profits		12,124	10,436	10,200	9,891
Equity attributable to owner of the Company		36,674	35,669	38,455	38,146
Non-controlling interests		319	273	–	–
Total equity		36,993	35,942	38,455	38,146
Total equity and liabilities		101,747	100,738	48,771	46,442

Econ Healthcare (Asia) Limited and its subsidiaries

**Condensed consolidated interim statement of changes in equity
For the six-month period ended 30 September 2022**

Group	Share capital \$'000	Currency translation reserve \$'000	Merger reserve \$'000	Accumulated profits \$'000	Total equity attributable to owner of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
At 1 April 2022	28,255	(2,923)	(99)	10,436	35,669	273	35,942
Total comprehensive income for the period							
Profit/(loss) for the period	–	–	–	1,688	1,688	(113)	1,575
<i>Other comprehensive income</i>							
Foreign currency translation differences – foreign operations	–	(683)	–	–	(683)	54	(629)
Total comprehensive income for the period	–	(683)	–	1,688	1,005	(59)	946
<i>Transactions with owner, recognised directly in equity</i>							
Capital contributions by non-controlling interests	–	–	–	–	–	105	105
Total contributions by and distribution to owner	–	–	–	–	–	105	105
At 30 September 2022	28,255	(3,606)	(99)	12,124	36,674	319	36,993

Econ Healthcare (Asia) Limited and its subsidiaries

**Condensed consolidated interim statement of changes in equity
For the six-month period ended 30 September 2021**

Group	Share capital \$'000	Currency translation reserve \$'000	Merger reserve \$'000	Accumulated profits \$'000	Total equity attributable to owner of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
At 1 April 2021	15,000	(2,840)	(99)	12,656	24,717	514	25,231
Total comprehensive income for the period							
Profit/(loss) for the period	–	–	–	1,612	1,612	(191)	1,421
<i>Other comprehensive income</i>							
Foreign currency translation differences – foreign operations	–	29	–	–	29	20	49
Total comprehensive income for the period	–	29	–	1,612	1,641	(171)	1,470
<i>Transactions with owner, recognised directly in equity</i>							
Dividends paid	–	–	–	(2,005)	(2,005)	–	(2,005)
Shares issued	14,000	–	–	–	14,000	–	14,000
Offset of listing expenses	(745)	–	–	–	(745)	–	(745)
Total contributions by and distribution to owner	13,255	–	–	(2,005)	11,250	–	11,250
At 30 September 2021	28,255	(2,811)	(99)	12,263	37,608	343	37,951

Econ Healthcare (Asia) Limited and its subsidiaries

**Condensed interim statements of changes in equity
For the six-month period ended 30 September 2022**

Company	Share capital \$'000	Retained earnings \$'000	Total equity \$'000
At 1 April 2022	28,255	9,891	38,146
Total comprehensive income for the period			
Profit for the period	–	309	309
Total comprehensive income for the period	–	309	309
At 30 September 2022	28,255	10,200	38,455
At 1 April 2021	15,000	6,851	21,851
Total comprehensive income for the period			
Profit for the period	–	131	131
Total comprehensive income for the period	–	131	131
<i>Transactions with owner, recognised directly in equity</i>			
Dividends paid	–	(2,005)	(2,005)
Share issued	14,000	–	14,000
Offset of listing expenses	(745)	–	(745)
Total transactions with owners	13,255	(2,005)	11,250
At 30 September 2021	28,255	4,977	33,232

Econ Healthcare (Asia) Limited and its subsidiaries

**Condensed consolidated interim statement of cash flows
For the six-month period ended 30 September 2022**

	For the six-month period ended 30 September	
	2022 \$'000	2021 \$'000
Cash flows from operating activities		
Profit before tax	1,955	1,750
Adjustments for:		
Amortisation of deferred capital grant	(113)	(79)
Depreciation of property, plant and equipment	664	631
Depreciation of right-of-use assets	3,921	2,638
Reversal of/(impairment losses) on trade receivables	(7)	2
Write-off of property, plant and equipment	20	18
Interest income	(33)	(2)
Interest expense	766	571
Rent concessions	–	(133)
Unwinding of discount on provisions	3	1
Fair value losses on investment in quoted shares	2	–
Share of loss of associate, net of tax	7	–
	7,185	5,397
Changes in:		
- Inventories	(3)	4
- Trade and other receivables	846	(194)
- Trade and other payables	(1,317)	136
Cash generated from operations	6,711	5,343
Tax paid	(502)	(702)
Net cash from operating activities	6,209	4,641
Cash flows from investing activities		
Finance lease received	18	18
Investment in associate	–	(83)
Purchase of property, plant and equipment	(2,082)	(1,048)
Capital grants received	288	998
Interest received	2	1
Investment in quoted shares	(398)	–
Net cash used in investing activities	(2,172)	(114)
Cash flows from financing activities		
Capital contribution by non-controlling interests	105	–
Proceeds from borrowings	–	97
Repayment of borrowings	(928)	(2,730)
Payment of lease liabilities	(3,644)	(2,432)
Interest paid	(583)	(561)
Dividends paid	–	(2,005)
Proceeds from issuance of shares pursuant to initial public offering	–	14,000
Payment of initial public offering transaction costs	–	(409)
Net cash (used in)/from financing activities	(5,050)	5,960

Econ Healthcare (Asia) Limited and its subsidiaries

**Condensed consolidated interim statement of cash flows (cont'd)
For the six-month period ended 30 September 2022**

	For the six-month period ended 30 September	
	2022	2021
	\$'000	\$'000
Net decrease/(increase) in cash and cash equivalents	(1,013)	10,487
Cash and cash equivalents at 1 April	26,035	16,029
Effect of exchange rate fluctuations on cash held	84	(8)
Cash and cash equivalents at 30 September	<u>25,106</u>	<u>26,508</u>

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

	For the six-month period ended 30 September	
	2022	2021
	\$'000	\$'000
Cash at bank and fixed deposits	25,171	26,575
Less: Fixed deposits with maturity more than 90 days at period end	(35)	(35)
Less: Restricted fixed deposit	(30)	(32)
Cash and cash equivalents in consolidated statement of cash flows	<u>25,106</u>	<u>26,508</u>

Econ Healthcare (Asia) Limited and its subsidiaries

Notes to the condensed consolidated interim financial statements For the six-month period ended 30 September 2022

1 Corporate information

Econ Healthcare (Asia) Limited (the “Company”) is a limited liability company incorporated and domiciled in Singapore and is listed on the Catalist Board of Singapore Exchange Securities Trading Limited (“SGX-ST”).

The registered office and principal place of business of the Company is located at 160 Changi Road, #05-01-13 Hexacube, Singapore 419728.

The immediate and ultimate holding companies are Econ Healthcare Pte. Ltd. and Econ Investment Holdings Pte. Ltd. respectively, both of which are incorporated in Singapore.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are those relating to the operation of medicare centres and nursing homes, provision of hospital extension ward management services, homecare services and ambulance services, letting of properties and investment holding.

2 Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 September 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting* by the Accounting Standards Council Singapore. The condensed consolidated interim financial statements do not include all of the information required for a complete set of financial statements. However, selected explanatory notes are included to explain the events and transactions that are significant to understanding of the changes in the Group and Company’s financial position and performance since the last annual financial statements for the year ended 31 March 2022.

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

2.1 New and amended standards adopted by the Group

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except in the current financial period, the Company has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 April 2022. The adoption of these standards did not have any material effect on the financial performance or position of the Group and Company.

Econ Healthcare (Asia) Limited and its subsidiaries

Notes to the condensed consolidated interim financial statements For the six-month period ended 30 September 2022

2.2 Use of judgements and estimates

In preparing the condensed consolidated interim financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. 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 March 2022.

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.

3 Seasonal operations

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

4 Segment information

The Group has two (2) reportable segments, as described below, which are the Group's strategic business units. The strategic businesses are managed separately because they require different operation needs and marketing strategies. For each operating segment, the Group's Chief Executive Officer (the chief operating decision maker) reviews the internal management reports on a monthly basis.

For the purpose of financial reporting, the following summary describes the operations in each of the Group's reportable segments:

- Medicare centres and nursing homes : Include provision of residential nursing care services, home care services, physiotherapy and rehabilitation services, clinical services and TCM treatments in medicare centres and nursing homes.
- Other operation and ancillary services : Include provision of management services, course fees, the offering of TCM services at our TCM clinics and other ancillary services.

Information regarding the results of each reportable segments is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer (the chief operating decision maker). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Econ Healthcare (Asia) Limited and its subsidiaries

**Notes to the condensed consolidated interim financial statements
For the six-month period ended 30 September 2022**

Information about reportable segments

	Medicare centres and nursing homes \$'000	Other operation and ancillary services \$'000	Eliminations \$'000	Total \$'000
For the six-month period ended 30 September 2022				
Revenue				
External revenue	20,756	459	–	21,215
Inter-segment revenue	–	4,469	(4,469)	–
	20,756	4,928	(4,469)	21,215
Results:				
Segment results	2,364	299	–	2,663
Finance income	37	31	–	68
Finance costs	(725)	(44)	–	(769)
Share of loss of associate	–	(7)	–	(7)
Profit before tax	1,676	279	–	1,955
Significant non-cash items				
Depreciation of property, plant and equipment	584	80	–	664
Depreciation of right-of-use assets	3,000	921	–	3,921
(Reversal of) impairment losses on trade receivables	(7)	–	–	(7)
	(7)	–	–	(7)
For the six-month period ended 30 September 2021				
Revenue				
External revenue	19,163	417	–	19,580
Inter-segment revenue	–	4,210	(4,210)	–
	19,163	4,627	(4,210)	19,580
Results:				
Segment results	2,304	31	–	2,335
Finance income	1	1	–	2
Finance costs	(526)	(61)	–	(587)
Unallocated expenses: Listing expenses	–	–	–	(80)
Segment profit before tax	1,779	(29)	–	1,750

Econ Healthcare (Asia) Limited and its subsidiaries

**Notes to the condensed consolidated interim financial statements
For the six-month period ended 30 September 2022**

	Medicare centres and nursing homes \$'000	Other operation and ancillary services \$'000	Eliminations \$'000	Total \$'000
Other material items				
Depreciation of property, plant and equipment	542	89	–	631
Depreciation of right-of-use assets	1,744	894	–	2,638
Impairment losses on trade receivables	2	–	–	2
As at 30 September 2022				
Assets:				
Segment assets	86,109	70,393	(55,153)	101,349
Tax assets	364	34	–	398
Total assets	86,473	70,427	(55,153)	101,747
Liabilities:				
Segment liabilities	81,362	36,774	(54,627)	63,509
Tax liabilities	1,129	116	–	1,245
Total liabilities	82,491	36,890	(54,627)	64,754
Capital expenditure	1,632	20	–	1,652
As at 31 March 2022				
Assets:				
Segment assets	85,624	69,718	(54,967)	100,375
Tax assets	354	9	–	363
Total assets	85,978	69,727	(54,967)	100,738
Liabilities:				
Segment liabilities	81,556	36,399	(54,492)	63,463
Tax liabilities	1,272	61	–	1,333
Total liabilities	82,828	36,460	(54,492)	64,796
Capital expenditure	3,177	48	–	3,225

Econ Healthcare (Asia) Limited and its subsidiaries

Notes to the condensed consolidated interim financial statements For the six-month period ended 30 September 2022

Geographical information

External customers of the Group are located in Singapore, Malaysia and China. The Group carries out its operations in Singapore, Malaysia and China and all the Group's non-current assets are located in Singapore, Malaysia and China.

In presenting the information on the basis of geographical segments, segmental revenue is based on the geographical location of the customers and segmental assets are based on the geographical location of the assets.

	For the six-month period ended 30 September	
	2022	2021
	\$'000	\$'000
Revenue		
Singapore	18,384	16,897
Malaysia	2,611	2,522
China	220	161
Consolidated revenue	<u>21,215</u>	<u>19,580</u>
	30 September	31 March
	2022	2022
	\$'000	\$'000
Non-current assets⁽¹⁾		
Singapore	40,054	36,224
Malaysia	21,221	22,301
China	9,898	10,165
Consolidated total non-current assets	<u>71,173</u>	<u>68,690</u>

⁽¹⁾ Non-current assets information presented above consist of property, plant and equipment, right-of-use assets, investment property, non-current trade and other receivables and investment in associate.

Econ Healthcare (Asia) Limited and its subsidiaries

**Notes to the condensed consolidated interim financial statements
For the six-month period ended 30 September 2022**

5

Revenue

For the six-month period ended 30 September	Medicare centres and nursing homes fees			Ancillary fees				Total \$'000
	Home fees \$'000	Home care and day care and other nursing home services \$'000	Operating subvention grants \$'000	Course fees \$'000	Management fee \$'000	Traditional Chinese medicine ("TCM") clinics services \$'000	Other ancillary services \$'000	
2022								
Third parties								
- Singapore	5,774	1,872	10,279	2	–	445	–*	18,372
- Malaysia	1,711	900	–	–	–	–	–	2,611
- China	41	179	–	–	–	–	–	220
	<u>7,526</u>	<u>2,951</u>	<u>10,279</u>	<u>2</u>	<u>–</u>	<u>445</u>	<u>–*</u>	<u>21,203</u>
Related corporations								
- Singapore	–	–	–	–	12	–	–	12
	<u>7,526</u>	<u>2,951</u>	<u>10,279</u>	<u>2</u>	<u>12</u>	<u>445</u>	<u>–</u>	<u>21,215</u>
2021								
Third parties								
- Singapore	5,638	1,659	9,183	1	–	404	–	16,885
- Malaysia	1,704	818	–	–	–	–	–	2,522
- China	107	54	–	–	–	–	–	161
	<u>7,449</u>	<u>2,531</u>	<u>9,183</u>	<u>1</u>	<u>–</u>	<u>404</u>	<u>–</u>	<u>19,568</u>
Related corporations								
- Singapore	–	–	–	–	12	–	–	12
	<u>7,449</u>	<u>2,531</u>	<u>9,183</u>	<u>1</u>	<u>12</u>	<u>404</u>	<u>–</u>	<u>19,580</u>

* Less than \$1,000

Home fees generally relates to the Medicare Centres and Nursing Homes' contracts with patients in which performance obligations are to provide nursing home healthcare services to individual patients in Singapore, Malaysia and China. Home care and day care fees generally relates to contracts with patients in which performance obligations are to provide healthcare services to individual patients at their homes. Course fees relate to contracts with corporate customers in which performance obligations are to provide training for care staffs, nursing home managers and home caregivers in Singapore. Management fee relates to provision of management and consultancy services to related corporations. Related corporations are other related parties not within the Group that are owned by the majority shareholder. Traditional Chinese Medicine ("TCM") clinic services relate to the offering of TCM services at TCM clinics.

Other nursing home services relate to provision of dressing, rehabilitation services, TCM treatments and other medical related services to individual patients.

Invoices are issued based on contractual terms. The Group has a credit term of 10 to 30 days which is typically short term, in line with market practice, without any financing component. There are no variable considerations, and no obligations for returns or refunds or warranties for healthcare-related services.

Econ Healthcare (Asia) Limited and its subsidiaries

Notes to the condensed consolidated interim financial statements For the six-month period ended 30 September 2022

Operating subvention grants are government subsidies given to patients and are paid by the Government on behalf of the patients to the Group for the subsidised amounts and is a revenue to the Group. The subvention grant scheme requires the Group to set aside a portion of its beds for eligible patients who meet the means test criteria to enjoy the subsidies. These patients are generally older persons who are unable to have adequate level of nursing care required in their own homes, and require supervision or assistance with their daily activities as well as persons who need further care and treatment after being discharged from an acute and/or community hospital.

The performance obligations for nursing home healthcare services, home care services, management services and training services are generally satisfied over time and revenue is recorded when the services are performed. The performance obligations for TCM and other ancillary services are generally satisfied at a point in time.

6 Other income

	For the six-month period ended 30 September	
	2022	2021
	\$'000	\$'000
Other government grants:		
- Grants on special employment credit, temporary employment credit and wages credit scheme	12	17
- Grants on Jobs Support Scheme	–	128
- Grants on staff accommodation	53	60
- Grants on Jobs Growth Incentive	128	137
- Eldercare centre baseline service transition grants	180	–
- Grants on community care salary enhancements	128	–
- Rental subsidy/subvention grants	1,470	156
- Pre-operations funding	1,008	–
Rent concessions	–	133
Rental income	126	125
Amortisation of deferred capital grants	113	79
Service fees	32	53
Others	246	81
	<u>3,496</u>	<u>969</u>

Econ Healthcare (Asia) Limited and its subsidiaries

**Notes to the condensed consolidated interim financial statements
For the six-month period ended 30 September 2022**

7 Finance costs, net

	For the six-month period ended 30 September	
	2022	2021
	\$'000	\$'000
Interest income from bank deposits	33	–
Interest income from finance lease receivables	–*	1
Exchange gain, net	35	–
Finance income	<u>68</u>	<u>1</u>
Exchange loss, net	–	(14)
Interest expense on bank borrowings	(131)	(127)
Unwinding of discount on provision of restoration cost	(3)	(1)
Interest expense from lease liabilities	(635)	(444)
Finance costs	<u>(769)</u>	<u>(586)</u>
Net finance costs	<u>(701)</u>	<u>(585)</u>

* Less than \$1,000

8 Profit for the period

The following items have been included in arriving at profit for the period:

	For the six-month period ended 30 September	
	2022	2021
	\$'000	\$'000
Initial public offering expenses	–	80
Write-off of property, plant and equipment	20	18
Expenses relating to short-term leases presented in “staff costs”	193	135
Repair and maintenance expenses	798	546
Contributions to defined contribution plans included in staff costs	554	483
Directors fees	<u>85</u>	<u>43</u>

Econ Healthcare (Asia) Limited and its subsidiaries

Notes to the condensed consolidated interim financial statements For the six-month period ended 30 September 2022

9 Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense for the six months ended 30 September 2022 and 2021 are:

	For the six-month period ended 30 September	
	2022 \$'000	2021 \$'000
Current tax expense	321	385
Deferred tax credit	(41)	(56)
	<u>380</u>	<u>329</u>

10 Property, plant and equipment

During the six-month period ended 30 September 2022, the Group acquired property, plant and equipment of \$1,652,000 (six-month period ended 30 September 2021: \$897,000).

Assets with carrying amounts of \$20,000 were written off during the six-month period ended 30 September 2022 (six-month period ended 30 September 2021: \$18,000).

11 Right-of-use assets

During the six-month period ended 30 September 2022, the Group recognised right-of-use assets of \$6,814,000 (six-month period ended 30 September 2021: \$302,000), of which \$6,314,000 (six-month period 30 September 2020: \$NIL) relates to lease modification.

12 Investment property

	30 September	31 March
	2022 \$'000	2022 \$'000
At beginning of the period/year, at cost	8,092	8,154
Translation differences on consolidation	(316)	(62)
At end of the period/year	<u>7,776</u>	<u>8,092</u>

Investment property comprises a freehold land that is leased to a third party during the period/year. The lease contains an initial non-cancellable period of three years with option to renew for additional three years.

Econ Healthcare (Asia) Limited and its subsidiaries

**Notes to the condensed consolidated interim financial statements
For the six-month period ended 30 September 2022**

Amounts recognised in profit or loss

	For the six-month period ended 30 September	
	2022	2021
	\$'000	\$'000
Rental income	132	105
Direct operating expenses	(3)	(3)

As at 30 September 2022, the fair value of the investment property amount to \$7,767,000 (31 March 2022: \$8,082,000).

The fair value of investment property located in Malaysia is determined by an independent valuer who has appropriate recognised professional qualifications and recent experience in the location and category of properties being valued.

The investment property is categorised under Level 3 of the fair value measurement hierarchy. The fair value of investment property is based on market value using direct comparison method. It is an estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. Due adjustments for difference between the properties and the comparables in terms of location, tenure, size, shape, floor level, age and conditions of properties and date of transactions affecting its value were made in arriving the fair value of investment property.

Econ Healthcare (Asia) Limited and its subsidiaries

**Notes to the condensed consolidated interim financial statements
For the six-month period ended 30 September 2022**

13 Trade and other receivables

	Group		Company	
	30 September 2022 \$'000	31 March 2022 \$'000	30 September 2022 \$'000	31 March 2022 \$'000
Trade receivables – third parties	1,708	1,590	–	–
Less: Impairment losses	(310)	(324)	–	–
	1,398	1,266	–	–
Trade amounts due from:				
- subsidiaries	–	–	2,526	2,118
Impairment losses	–	–	(356)	(356)
Total trade receivables	1,398	1,266	2,170	1,762
Receivables for operating subvention grants	1,106	1,206	–	–
Aggregate of trade receivables and receivables for operating subvention grants	2,504	2,472	2,170	1,762
Other government grant receivables	1,073	1,368	–	204
Other receivables	149	983	112	135
Staff advances	9	15	–	–
Deposits	1,987	2,004	766	766
Non-trade amounts due from:				
- subsidiaries	–	–	2,350	1,963
Impairment losses	–	–	(309)	(309)
Financial assets at amortised cost	5,722	6,841	5,089	4,521
Prepayments	687	467	183	129
	6,409	7,308	5,272	4,650
Non-current	1,816	1,757	2,379	1,912
Current	4,593	5,552	2,893	2,738
	6,409	7,309	5,272	4,650

Non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

Non-current amounts relate mainly to security deposits paid for leased premises. The security deposits are interest-free and are refundable at lease expiry or earlier termination of the lease.

Econ Healthcare (Asia) Limited and its subsidiaries

Notes to the condensed consolidated interim financial statements For the six-month period ended 30 September 2022

14 Share capital

	Number of shares		Amount	
	30 September 2022	31 March 2022	30 September 2022 \$'000	31 March 2022 \$'000
Group and Company				
Issued and fully paid ordinary shares, at par value:				
In issue at beginning of the period/year	257,000,000	207,000,000	28,255	15,000
Shares issued pursuant to initial public offering	–	50,000,000	–	13,255*
In issue at end of the period/year	<u>257,000,000</u>	<u>257,000,000</u>	<u>28,255</u>	<u>28,255</u>

* Derived after offsetting \$745,000 against proceeds from shares issued pursuant to initial public offering of \$14,000,000.

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Initial public offering

On 19 April 2021, the Company was listed on the Catalist Board on the Singapore Exchange Securities Trading Limited (SGX-ST) and issued 50,000,000 shares representing approximately 19.46 percent of the Company's issued shares. The Company raised gross proceeds of approximately S\$14,000,000 and its share capital increased to 257,000,000 shares.

As at 30 September 2022 and 31 March 2022, there were no treasury shares held by the Company and there were no subsidiary holdings.

15 Reserves

Currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Merger reserve

Merger reserve represents reserve arising from the business combinations through common control.

Econ Healthcare (Asia) Limited and its subsidiaries

**Notes to the condensed consolidated interim financial statements
For the six-month period ended 30 September 2022**

Dividends

During the six months ended 30 September 2022, no dividend had been declared or paid by the Group (six-month period ended 30 September 2021: \$2,005,000 (\$0.0078 per ordinary share)).

16 Net asset value per share

	Group		Company	
	30 September 2022	31 March 2022	30 September 2022	31 March 2022
Net asset value per ordinary share (in cents)	14.27	14.02	14.96	14.99

17 Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 30 September 2022 is based on the profit attributable to ordinary shareholders of \$1,688,000 (six-month period ended 30 September 2021: \$1,612,000) and the weighted-average number of ordinary shares outstanding during the years, as follows:

	Group	
	2022	2021
	No. of shares	No. of shares
Weighted-average number of ordinary shares	257,000,000	257,000,000*

* The Company's ordinary shares of 257,000,000 has been used in the calculation of basic earnings per share for the financial period ended 31 September 2021 as it reflects the changes in number of shares subsequent to the Initial public offering.

Diluted earnings per share

As at 30 September 2022, there were no outstanding dilutive potential ordinary shares.

Econ Healthcare (Asia) Limited and its subsidiaries

**Notes to the condensed consolidated interim financial statements
For the six-month period ended 30 September 2022**

18

Loans and borrowings

	30 September 2022 \$'000	31 March 2022 \$'000
Non-current liabilities		
Unsecured bank loans	107	718
Secured bank loans	1,981	2,429
	<u>2,088</u>	<u>3,147</u>
Current liabilities		
Unsecured bank loans	3,346	3,485
Secured bank loans	585	478
Overdraft	–	34
	<u>3,931</u>	<u>3,997</u>
	<u>6,019</u>	<u>7,144</u>

Terms and debt repayment schedule

The terms and conditions of outstanding loans and borrowings are as follows:

	Note	Currency	Nominal interest rate %	Year of maturity	Face value \$'000	Carrying amount \$'000
30 September 2022 Group						
Unsecured bank loans	A	SGD	SIBOR + 2%	2023	1,380	1,380
Secured bank loans	B	MYR	Base lending rate – 1.25%	2027	2,566	2,566
Unsecured revolving credit	C	MYR	Cost of funds + 1.50%	2022	2,073	2,073
					<u>6,019</u>	<u>6,019</u>
31 March 2022 Group						
Unsecured bank loans	A	SGD	SIBOR + 2%	2023	1,949	1,949
Secured bank loans	B	MYR	Base lending rate – 1.25%	2027	2,907	2,907
Unsecured revolving credit	C	MYR	Cost of funds + 1.50%	2022	2,254	2,254
Overdraft	B	MYR	Base lending rate – 1.25%	2022	34	34
					<u>7,144</u>	<u>7,144</u>

- A) As at 30 September 2022 and 31 March 2022, the bank loan is unsecured, and the Company shall maintain on a consolidated basis, a Gross Debt / EBITDA ratio of not more than 3.50 times.
- B) The bank loan and overdraft is secured by corporate guarantee from the Company and immediate holding company and on the Group's freehold land and building amounting to \$8,787,000 (31 March 2022: \$9,240,000).

Econ Healthcare (Asia) Limited and its subsidiaries

Notes to the condensed consolidated interim financial statements For the six-month period ended 30 September 2022

- C) As at 30 September 2022 and 31 March 2022, the bank loan is unsecured and a subsidiary of the Group shall maintain a tangible net worth of not less than RM 40,000,000 and gearing ratio shall not exceed 0.75 times.

19 Trade and other payables

	Group		Company	
	30 September 2022 \$'000	31 March 2022 \$'000	30 September 2022 \$'000	31 March 2022 \$'000
Trade payables				
- third parties	749	906	–	–
	<hr/> 749	<hr/> 906	<hr/> –	<hr/> –
Non-trade amount due to subsidiaries	–	–	5,484	2,548
Accrued operating expenses	3,334	3,604	831	941
Interest payables	4	4	–	–
Other payables	716	473	57	164
Payables to suppliers of property, plant and equipment	808	1,238	330	330
Refundable deposits	<hr/> 1,420	<hr/> 1,422	<hr/> –	<hr/> –
Financial liabilities at amortised cost	7,031	7,647	6,702	3,983
Deferred grant income	2,248	3,309	–	–
Liability for short-term accumulated compensated absences	312	147	170	63
Home fees collected in advance	<hr/> 130	<hr/> 147	<hr/> –	<hr/> –
	<hr/> <hr/> 9,721	<hr/> <hr/> 11,250	<hr/> <hr/> 6,872	<hr/> <hr/> 4,046

Non-trade amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

Econ Healthcare (Asia) Limited and its subsidiaries

**Notes to the condensed consolidated interim financial statements
For the six-month period ended 30 September 2022**

20 Related parties

Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The Board of Directors and senior management team are considered as key management personnel.

	For the six-month period ended 30 September	
	2022	2021
	\$'000	\$'000
Post-employment benefits	21	22
Short term employee benefits including director fees	556	522
Non-monetary benefit	13	7
	<u>590</u>	<u>551</u>

Other related party transactions

Other than disclosed elsewhere in the financial statements, transactions with related parties are as follows:

	For the six-month period ended 30 September	
	2022	2021
	\$'000	\$'000
Related corporations*		
Management fee income	(9)	(9)
Rental income	(2)	(2)
	<u>(11)</u>	<u>(11)</u>

* Related corporations are other related parties not within the Group that are owned by the majority shareholder.

Econ Healthcare (Asia) Limited and its subsidiaries

Notes to the condensed consolidated interim financial statements For the six-month period ended 30 September 2022

21 Reclassifications

Certain amounts in the condensed consolidated interim financial statements for the six-month period ended 30 September 2021 have been reclassified:

Income statement	Previously reported \$'000	Reclassifications \$'000	Balance as reported \$'000
Six-month period ended 30 September 2021			
Revenue	10,397	9,183	19,580
Operating subvention grants (Note A)	9,339	(9,339)	–
Other income (Note B)	813	156	969

Note A

The Group participates in the operating subvention grants scheme, which requires the Group to set aside a portion of its beds for eligible patients who meet the means test criteria to enjoy the government subsidies. Operating subvention grants are government subsidies given to patients and are paid by the Government on behalf of the patients to the Group for the subsidised amounts and is a revenue to the Group.

In previous condensed consolidated interim financial statements for the six-month period ended 30 September 2021, the Group presented “Operating subvention grants” and “Revenue” as two separate line items on the face of consolidated income statement.

During current financial period, the Group reclassified operating subvention grants of \$9,339,000 into “Revenue” line item and the amount of operating subvention grant is disclosed in Note 6. Hence, comparative amounts in the consolidated income statement were reclassified accordingly.

Note B

Rental subvention grants are grants provided by the government to reimburse rental costs for facilities of the Group for the purpose of providing subsidised nursing home.

In previous condensed consolidated interim financial statements for the six-month period ended 30 September 2021, rental subvention grant of \$156,000 was classified under the “Operating subvention grants” line item. During current financial period, the Group reclassified rental subvention grant of \$156,000 from “Operating subvention grants” to “Other income” as rental subvention grant is not revenue in nature. Hence, comparative amounts in the consolidated income statement were reclassified accordingly.

Econ Healthcare (Asia) Limited and its subsidiaries

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.

The condensed interim consolidated statement of financial position of the Group as at 30 September 2022 and the related interim consolidated profit or loss and other comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six months period ended 30 September 2022 and selected explanatory notes have not been audited or reviewed by our auditors.

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

Not applicable.

3 Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

4 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

(A) Statement of comprehensive income

6M2023 vs 6M2022

Revenue

Revenue increased 8.4% or S\$1.6 million, from S\$19.6 million to S\$21.2 million mainly due to an increase in Medicare centres and nursing home fees.

The increase in Medicare centres and nursing home fees was attributable to (i) increase of S\$1.5 million from Singapore due to contribution of S\$0.7 million from the commencement of operations of the ECON Care Residences (Henderson), and S\$0.8 million through improvement in our homecare business and fees increment, (ii) increase of S\$89,000 from Malaysia due to increase of S\$0.9 million revenue contributed by ECON Medicare Centre and Nursing Home – Puchong as its operations ramped up, offset with the decrease of S\$0.8 million from ECON Medicare Centre and Nursing Home – Pudu as a result of its closure, (iii) increase of S\$59,000 from China due to net increase in bed occupancy of 20 for ECON Medicare Centre and Nursing Home – Chongqing.

Econ Healthcare (Asia) Limited and its subsidiaries

Other information required by Listing Rule Appendix 7.2

As at 30 September 2022, our monthly average bed capacity stood at 1,467 (6M2022: 1,420). This is arrived after the commencement of the operation of ECON Care Residence (Henderson) in April 2022, which contributed to bed capacity of 236, offset the closure of ECON Medicare Centre and Nursing Home – Pudu in December 2021, with bed capacity of 189. As ECON Care Residence (Henderson) is ramping up, the Group achieved an overall bed occupancy of 77.9% in 6M2023, as compared to 78.8% in 6M2022.

Other income

Other income increased by S\$2.5 million from S\$1.0 million in 6M2022 to S\$3.5 million in 6M2023. The increase was mainly attributed to an increase in (i) pre-operations funding of S\$1.0 million for the purpose of facilitating the ramping up of operations for ECON Care Residences (Henderson) (ii) rental subsidy/subvention grants of S\$1.3 million; and (iii) eldercare centre baseline service transition grants of S\$0.2 million to operate Senior Eldercare Centres, of which objective is to promote social inclusion of vulnerable seniors within the eldercare centres' service cluster, and encourage seniors to stay active through organising social and recreational programme.

Supplies and consumables

Our cost of supplies and consumables increased by 2.2%, or S\$63,000 to S\$3.0 million in 6M2023. The increase was mainly due to the purchase of additional consumables for residents as the number of residents increase.

Staff costs

Our staff costs increased by 18.0% or S\$1.7 million from S\$9.7 million in 6M2022 to S\$11.4 million in 6M2023. The increase is mainly due to S\$1.9 million of staff costs incurred in Singapore for the headcount of ECON Care Residence (Henderson), and salary enhancements as announced by the Singapore government and overtime payments and short-term contracted fee payments, offset with decrease of S\$0.2 million of staff costs in Malaysia mainly due to the closure of ECON Medicare Centre and Nursing Home – Pudu.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment increased by 5.2%, or S\$33,000, from S\$0.6 million in 6M2022 to S\$0.7 million in 6M2023 due to depreciation charge on the capital expenditure incurred for ECON Care Residence (Henderson), as well as replacement capital expenditure at our existing nursing homes.

Depreciation of right-of-use assets

Depreciation of right-of-use assets increased by 48.6%, or S\$1.3 million, from S\$2.6 million in 6M2022 to S\$3.9 million in 6M2023 due to depreciation charge incurred on the right-of-use assets for ECON Care Residences (Henderson) and ECON Medicare Centre and Nursing Home – Changshou.

Utilities expenses

Utilities expenses increased by 58.2%, or S\$0.3 million, from S\$0.5 million in 6M2022 to S\$0.8 million in 6M2023 mainly due to increase in electricity tariff in Singapore.

Econ Healthcare (Asia) Limited and its subsidiaries

Other information required by Listing Rule Appendix 7.2

Other operating expenses

Other operating expenses increased by 23.4%, or S\$0.4 million, from S\$1.9 million in 6M2022 to S\$2.3 million in 6M2023, which was mainly due to increase in purchase of low value assets for ECON Care Residence (Henderson).

Finance costs, net

Finance costs increased by 19.8%, or S\$0.1 million, from S\$0.6 million in 6M2022 to S\$0.7 million in 6M2023 due to the increase in interest on lease liabilities.

Tax expense

Tax expense increased by 15.5%, or S\$51,000, from S\$0.3 million in 6M2022 to S\$0.4 million in 6M2023 due to the increase in profit before tax by S\$0.2 million.

Profit before tax

Profit before tax increased by 11.7%, or S\$0.2 million, from S\$1.8 million in 6M2022 to S\$2.0 million in 6M2023.

Profit attributable to owner of the company (PATMI)

As a result of the foregoing, our PATMI increased by 4.7% or S\$0.1 million, from S\$1.6 million in 6M2022 to S\$1.7 million in 6M2023. PATMI margin maintained at 8.0% for 6M2022 and 6M2023.

Earnings per share (EPS) on a fully diluted basis for 6M2023 was 0.66 cent compared to 0.63 cents for 6M2022.

Net asset value (NAV) per share was 14.27 cents as at 30 September 2022 compared to 14.02 cents as at 31 March 2022.

(B) Statement of financial position

Non-current assets

As at 30 September 2022, our non-current assets of S\$71.3 million accounted for 70.1% of our total assets. Our non-current assets comprised of the following:

- (i) property, plant and equipment, which amounted to S\$18.3 million, and comprised freehold land and buildings, properties under construction, leasehold improvements and renovations, nursing homes and hospital equipment, medical equipment, furniture, fittings and office equipment, computers and accessories and motor vehicles;
- (ii) right-of-use assets, which amounted to S\$43.3 million, and comprised nursing homes, office premise and health and wellness centres, office equipment, staff accommodation and motor vehicles;
- (iii) investment property, which amounted to S\$7.8 million, and is related to a freehold land that we own in Cheras, Malaysia. The land was leased to a third party lessee to operate an education centre;
- (iv) trade and other receivables, which amounted to S\$1.8 million, and is related to security deposits paid to our landlords and utilities providers;

Econ Healthcare (Asia) Limited and its subsidiaries

Other information required by Listing Rule Appendix 7.2

- (v) deferred tax assets, which amounted to S\$0.2 million, in relation to lease accounting, provisions and tax loss carry-forwards; and
- (vi) investment in an associate amounting to S\$46,000, of which the Group's interest is 20%.

The increase in non-current assets was mainly due to increase in right-of-use assets of S\$2.4 million mainly as a result of lease modifications for the private nursing homes in Singapore, and increase in property, plant and equipment of S\$0.3 million mainly due to additions of construction-in-progress for ECON Medicare Centre and Nursing Home – Changshou. The increase was offset by the decrease in investment property of S\$0.3 million due to translation differences as Singapore dollar appreciate against the Malaysia Ringgit.

Current assets

As at 30 September 2022, our current assets of S\$30.4 million accounted for 29.9% of our total assets. Our current assets mainly comprised:

- (i) trade and other receivables, which amounted to S\$4.6 million, comprising S\$1.4 million of net third party trade receivables, S\$1.1 million of receivables for operating subvention grants, S\$1.1 million of other government grant receivables, S\$0.7 million prepayments, and cumulatively accounted for 92.8% of total trade and other receivables;
- (ii) investments in quoted shares, which amounted to S\$0.4 million;
- (iii) cash and cash equivalents, which amounted to S\$25.2 million or 82.8% of total current assets; and
- (iv) current tax assets, which amounted to S\$0.2 million.

The decrease in current asset of S\$1.5 million was due to decrease in cash and bank balances of S\$0.9 million and decrease in trade and other receivables of S\$1.0 million mainly due to receipt of grant provided by the Singapore government to recognise the contribution and dedication of healthcare staffs during the pandemic. The decrease was offset by the increase in investments in quoted shares of S\$0.4 million.

Non-current liabilities

As at 30 September 2022, our non-current liabilities of S\$42.8 million accounted for 66.1% of our total liabilities. Our non-current liabilities mainly comprised:

- (i) loans and borrowings, which amounted to S\$2.1 million, and is related to funding for the expansion of our Group's operations;
- (ii) deferred tax liabilities, which amounted to S\$0.3 million, and is related to differences arising from the recognition of depreciation expenses for our property, plant and equipment after the offsetting of tax losses carried forward;
- (iii) Deferred capital grants, which amounted to S\$1.7 million, and comprise government grants received for the purpose of equipping and furnishing the nursing homes.
- (iv) provision for restoration costs, which amounted to S\$0.6 million, and is related to the estimated costs of reinstating our leased premises to their original state upon termination or expiration of the leases; and
- (v) lease liabilities, which amounted to S\$38.0 million, being the non-current portion of the future lease payments.

Econ Healthcare (Asia) Limited and its subsidiaries

Other information required by Listing Rule Appendix 7.2

The increase in non-current liabilities by 3.2% or S\$1.3 million, from S\$41.5 million as at 31 March 2022 to S\$42.8 million as at 30 September 2022 was mainly due to increase in non-current lease liabilities of S\$2.3 million relating to the renewal of lease contracts for the private nursing homes in Singapore, increase in deferred capital grants of S\$0.1 million mainly due to receipt of renovation grants for ECON Medicare Centre and Nursing Home – Changshou; offset by decrease in loan and borrowings of S\$1.0 million attributable to repayments of borrowings.

Current liabilities

As at 30 September 2022, our current liabilities of S\$21.9 million accounted for 33.9% of our total liabilities. Our current liabilities mainly comprised:

- (i) loans and borrowings, which amounted to S\$3.9 million, and is related to funding for the expansion of our Group's operations;
- (ii) trade and other payables, which amounted to S\$9.7 million, comprising S\$1.4 million of refundable deposits received from residents, S\$0.7 million of trade payables and S\$3.3 million of accrued operating expenses, S\$2.2 million of deferred grant income and cumulatively accounted for 79.7% of total trade and other payables;
- (iii) lease liabilities, which amounted to S\$7.4 million, being the present value of the future lease payments; and
- (iv) current tax liabilities, which amounted to S\$0.9 million.

The decrease in current liabilities by 5.9% or S\$1.4 million, from S\$23.3 million as at 31 March 2022 to S\$21.9 million as at 30 September 2022 was mainly due to decrease in trade and other payables of S\$1.5 million. Deferred grant income which includes the pre-operations funding for ECON Care Residences (Henderson) decreased by S\$1.0 million and payables to suppliers of property, plant and equipment decreased by S\$0.4 million as payments were made.

(C) Statement of cash flows

Cash flow before changes in working capital for 6M2023 amounted to S\$7.2 million. Cash generated from operations was S\$6.7 million due to increase in trade and other receivables of S\$0.8 million and decrease in trade and other payables of S\$1.3 million. As a result, net cash generated from operating activities after adjusting for cash paid for tax was S\$6.2 million.

Net cash flow used in investing activities was S\$2.2 million in 6M2023. Net cash flows used were primarily for purchase of property, plant and equipment amounting to S\$2.1 million and this was offset with capital grants received of S\$0.3 million.

Net cash flow used in financing activities was S\$5.1 million in 6M2023. This was attributable to the repayment of bank borrowings and lease liabilities of S\$0.9 million and S\$3.6 million respectively, interest paid of S\$0.6 million and investment in quoted shares of S\$0.4 million. These decreases were offset by increase in capital contribution by non-controlling interests of S\$0.1 million

Overall, the Group reported a net decrease in cash and cash equivalents of S\$1.0 million for 6M2023, ending the period with cash and cash equivalents of S\$25.1 million.

Econ Healthcare (Asia) Limited and its subsidiaries

Other information required by Listing Rule Appendix 7.2

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.

The Group continues to witness broad-based and long-term demand for affordable aged care services and improved patient experiences in Singapore, Malaysia and China. We will continue to prudently explore suitable expansion opportunities both in its existing markets as well as in other new markets.

In the pipeline for the Singapore market is a 732-bed nursing home in Jurong, Econ Healthcare's largest facility in Singapore. This will ramp up the Group's operations significantly when it starts operation in 2025. The Group also expects its 280-bed Nursing Home in Changshou, Chongqing, to commence operations in the second half of FY2023.

The geopolitical tensions, rising global commodity prices, supply chain disruptions are expected to continue to add to uncertainties for the global economy and businesses. Supply chain issues exacerbated by the Russia-Ukraine geopolitical situation had continued to disrupt material supplies and their costs. Singapore's core inflation is near a 14-year high, and countries around the world have encountered inflationary pressures.

Manpower continues to pose challenges to growth across all industries especially in Singapore. As an effort to maintain the salary competitiveness of healthcare staff against the overall market to attract and retain quality talent, the Ministry of Health Singapore ("MOH") has announced salary adjustment funding support for healthcare workers in eligible community care organisations. To recognise healthcare workers' contributions and dedication to fight the COVID-19 pandemic, eligible community care organisations provided staff with a COVID-19 healthcare monetary Award, supported by the MOH. The Group participated in these initiatives and will continue to dedicate resource to engage, further build competencies and develop our talent workforce.

The Group continues to exercise prudence and effective measures to manage costs, risks and ensure business continuity. Through digital transformation initiatives, we expect to improve efficiency, value and innovation.

7 Dividend

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

Yes. The Company does not have a fixed dividend policy. As disclosed in the offer document, the Board intends to recommend and distribute dividends of at least 35% of net profit after tax attributed to our Shareholders generated in each of FY2021, FY2022 and FY2023, as the Group wishes to reward its Shareholders for participating in the Group's growth.

Econ Healthcare (Asia) Limited and its subsidiaries

Other information required by Listing Rule Appendix 7.2

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

Name of dividend	Interim
Dividend type	Cash
Dividend amount per ordinary share	0.23 Singapore cent (tax exempt one-tier)

(b)(ii) Amount per share (in cents) for the previous corresponding period

The Company had declared interim dividends of S\$0.22 cents per ordinary share, amounting to S\$565,000 for 6M2022.

(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).

Tax exempt one-tier.

(d) The date the dividend is payable

13 December 2022

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined

Notice is hereby given that the Register of Members and the Transfer Books of the Company will be closed on 30 November 2022 (“Record Date”) for the purpose of determining members’ entitlement to the interim dividend.

Duly completed registrable transfers received by the Company’s Share Registrar, In.Corp Corporate Services Pte. Ltd., 30 Cecil Street #19-08 Prudential Tower Singapore 049712, up to 5.00 p.m. on 30 November 2022 will be registered before entitlements to the dividend are determined.

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

Not applicable

Econ Healthcare (Asia) Limited and its subsidiaries

Other information required by Listing Rule Appendix 7.2

- 8 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.**

Name of Interested Person	Aggregate value (\$'000) of all IPTs during the financial period under review	Aggregate value of all IPTs conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
(1) Econ Healthcare Pte Ltd - Lease of 3 nursing homes: (a) ECON Medicare Centre and Nursing Home – Braddell (b) ECON Medicare Centre and Nursing Home – Choa Chu Kang (c) ECON Medicare Centre and Nursing Home – Upper East Coast	926	Not applicable - the Group does not have a shareholders' mandate under Rule 920
(2) Econ Medicare Centre Holdings Pte Ltd (a) Lease of ECON Medicare Centre and Nursing Home – Recreation Road (b) Lease of staff quarters at Recreation Road (c) Sublease agreement for Hexacube office (d) Accounting service agreement	191	
(3) Econ Healthcare Pte Ltd (a) Sub lease agreement for Chai Chee Nursing Home	352	
(4) Ekang International Holdings Pte. Ltd. (a) Lease of Hexacube office	244	
(5) TMI Technologies Pte Ltd (a) Sub lease arrangement for Hexacube office (b) Accounting service agreement	6	

- 9 Negative confirmation pursuant to Rule 705(5).**

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim condensed financial statements for the period ended 30 September 2022 to be false or misleading in any material aspect.

- 10 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

The Company has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Catalist Rules.

Econ Healthcare (Asia) Limited and its subsidiaries

Other information required by Listing Rule Appendix 7.2

- 11 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Koh Hin Ling	68	Wife of Ong Chu Poh (Executive Chairman and Group Chief Executive Officer); and Mother of Ong Hui Ming (Executive Director and Deputy Chief Executive Officer, Singapore)	Director of TCM, TCM practitioner and Director of the Group's principal subsidiaries, with effect from 1994	N.A.
Ong Xin De	38	Son of Ong Chu Poh (Executive Chairman and Group Chief Executive Officer); and Brother of Ong Hui Ming (Executive Director and Deputy Chief Executive Officer, Singapore)	Head, Development, with effect from 2017, overseeing strategic development, growth, technology and innovation of the Group (Resigned on 30 June 2022)	N.A.

Econ Healthcare (Asia) Limited and its subsidiaries

Other information required by Listing Rule Appendix 7.2

12 Use of IPO proceeds

Pursuant to the initial public offering on 19 April 2021, the Company received gross proceeds of S\$14.0 million from the placement of new shares. As at the date of this announcement, the IPO net proceeds have been utilised as follows:

	Amount allocated (as disclosed in the offer document)	Amount utilised as at the date of this condensed interim financial statements ⁽¹⁾	Balance
	\$'000	\$'000	\$'000
Expansion plans in Singapore as well as overseas through, among others, joint ventures, strategic collaborations, mergers and acquisitions, or investments	7,500	1,228	6,272
Upgrading of existing medicare centres and nursing homes and other facilities, including equipment and IT infrastructure	2,000	97	1,903
General corporate and working capital purposes	2,000	–	2,000
Payment of underwriting and placement commissions and offering expenses ("IPO expenses")	2,500	2,430	70
Total	14,000	3,755	10,245

⁽¹⁾ The amount utilised as at the date of this condensed interim financial statements refer to the expenses billed to date and amount paid up to date.

BY ORDER OF THE BOARD

Ong Chu Poh
Executive Chairman and Group Chief Executive Officer
9 November 2022