



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

Condensed consolidated financial statements
For the six months and full year ended 31 March 2023

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Econ Healthcare (Asia) Limited and its subsidiaries

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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 income statement

For the six months and full year ended 31 March 2023

	Note	Six months ended 31 March			Full year ended 31 March		
		2023	2022	Change	2023	2022	Change
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	5	22,293	19,325	15.4	43,508	38,905	11.8
Other income	6	5,701	4,240	34.5	9,197	5,208	76.6
Supplies and consumables		(3,220)	(2,946)	9.3	(6,187)	(5,849)	5.8
Staff costs		(12,091)	(9,686)	24.8	(23,499)	(19,357)	21.4
Depreciation of property, plant and equipment		(813)	(748)	8.7	(1,477)	(1,379)	7.1
Depreciation of right-of-use assets		(3,951)	(3,377)	17.0	(7,872)	(6,014)	30.9
Utilities expenses		(735)	(560)	31.3	(1,512)	(1,051)	43.9
Reversal of/(impairment losses) on trade receivables		28	(99)	N.M.	35	(101)	N.M.
Fair value gains on investment in quoted securities		61	–	N.M.	59	–	N.M.
Loss on investment in quoted securities, net		–	(3,354)	N.M.	–	(3,354)	N.M.
Other operating expenses		(3,050)	(2,779)	9.8	(5,364)	(4,657)	15.2
		<u>4,223</u>	<u>16</u>	<u>26293.8</u>	<u>6,888</u>	<u>2,351</u>	<u>193.0</u>
Finance costs, net	7	(526)	(875)	(39.9)	(1,227)	(1,460)	(16.0)
Share of result of associate, net of tax		(22)	(30)	(26.7)	(30)	(30)	–
Profit/(loss) before tax		<u>3,675</u>	<u>(889)</u>	<u>N.M.</u>	<u>5,631</u>	<u>861</u>	<u>554.6</u>
Tax expense	9	(1,088)	(588)	85.2	(1,468)	(917)	60.1
Profit/(loss) for the period/year	8	<u><u>2,587</u></u>	<u><u>(1,477)</u></u>	<u><u>N.M.</u></u>	<u><u>4,163</u></u>	<u><u>(56)</u></u>	<u><u>N.M.</u></u>
Profit/(loss) attributable to:							
Owner of the Company		3,161	(1,262)	N.M.	4,849	350	1285.4
Non-controlling interests		(574)	(215)	167.0	(687)	(406)	69.2
Profit/(loss) for the period/year		<u><u>2,587</u></u>	<u><u>(1,477)</u></u>	<u><u>N.M.</u></u>	<u><u>4,162</u></u>	<u><u>(56)</u></u>	<u><u>N.M.</u></u>
Earnings per share							
Basic and diluted earnings per share (cents)	17	<u><u>1.23</u></u>	<u><u>(0.49)</u></u>	<u><u>N.M.</u></u>	<u><u>1.89</u></u>	<u><u>0.14</u></u>	<u><u>1271.4</u></u>

N.M. – Not meaningful

Econ Healthcare (Asia) Limited and its subsidiaries

**Condensed consolidated income statement
For the six months and full year ended 31 March 2023**

	Six months ended 31 March			Full year ended 31 March		
	2023	2022	Change	2023	2022	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit/(loss) for the period/year	2,587	(1,477)	N.M.	4,162	(56)	N.M.
Other comprehensive income <i>Items that are or may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation differences – foreign operations	(583)	(101)	477.2	(1,212)	(51)	N.M.
Total comprehensive income for the period/year	<u>2,004</u>	<u>(1,578)</u>	N.M.	<u>2,950</u>	<u>(107)</u>	N.M.
Total comprehensive income attributable to:						
Owner of the Company	2,676	(1,374)	N.M.	3,681	267	1278.7
Non-controlling interests	<u>(672)</u>	<u>(204)</u>	229.4	<u>(731)</u>	<u>(374)</u>	(2.7)
Total comprehensive income for the period/year	<u>2,004</u>	<u>(1,578)</u>	N.M.	<u>2,950</u>	<u>(107)</u>	N.M.

N.M. – Not meaningful

Econ Healthcare (Asia) Limited and its subsidiaries

**Condensed consolidated statements of financial position
As at 31 March 2023**

	Note	Group		Company	
		31 March 2023 S\$'000	31 March 2022 S\$'000	31 March 2023 S\$'000	31 March 2022 S\$'000
Assets					
Property, plant and equipment	10	18,328	17,930	724	814
Right-of-use assets	11	39,746	40,858	2,127	3,791
Investment property	12	7,554	8,092	–	–
Trade and other receivables	13	1,736	1,757	2,892	1,912
Deferred tax assets		108	133	–	5
Subsidiaries		–	–	25,369	23,899
Associate		21	53	–	–
Non-current assets		67,493	68,823	31,112	30,421
Trade and other receivables	13	6,291	5,552	3,118	2,738
Cash and cash equivalents		24,621	26,102	12,789	13,283
Investments in quoted securities		755	–	755	–
Inventories		10	13	–	–
Finance lease receivables		–	18	–	–
Current tax assets		101	230	–	–
Current assets		31,778	31,915	16,662	16,021
Total assets		99,271	100,738	47,774	46,442
Liabilities					
Loans and borrowings	18	1,798	3,147	–	–
Deferred tax liabilities		426	357	4	–
Deferred capital grants		3,197	1,606	–	–
Provision for restoration costs		639	632	218	217
Lease liabilities		35,542	35,748	1,024	2,247
Non-current liabilities		41,602	41,490	1,246	2,464
Loans and borrowings	18	3,285	3,997	–	–
Trade and other payables	19	7,916	11,250	2,413	4,046
Lease liabilities		6,770	7,083	1,221	1,725
Current tax liabilities		1,172	976	123	61
Current liabilities		19,143	23,306	3,757	5,832
Total liabilities		60,745	64,796	5,003	8,296
Equity					
Share capital	14	28,255	28,255	28,255	28,255
Currency translation reserve	15	(4,091)	(2,923)	–	–
Merger reserve	15	(99)	(99)	–	–
Accumulated profits		14,694	10,436	14,516	9,891
Equity attributable to owner of the Company		38,759	35,669	42,771	38,146
Non-controlling interests		(233)	273	–	–
Total equity		38,526	35,942	42,771	38,146
Total equity and liabilities		99,271	100,738	47,774	46,442

Econ Healthcare (Asia) Limited and its subsidiaries

**Condensed consolidated statement of changes in equity
For the full year ended 31 March 2023**

Group	Share capital S\$'000	Currency translation reserve S\$'000	Merger reserve S\$'000	Accumulated profits S\$'000	Total equity attributable to owner of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
At 1 April 2022	28,255	(2,923)	(99)	10,436	35,669	273	35,942
Total comprehensive income for the year							
Profit/(loss) for the year	–	–	–	4,849	4,849	(687)	4,162
Other comprehensive income							
Foreign currency translation differences – foreign operations	–	(1,168)	–	–	(1,168)	(44)	(1,212)
Total comprehensive income for the year	–	(1,168)	–	4,849	3,681	(731)	2,950
Transactions with owner, recognised directly in equity							
Dividends paid	–	–	–	(591)	(591)	–	(591)
Capital contribution by non-controlling interests	–	–	–	–	–	225	225
Total contributions by and distribution to owner	–	–	–	(591)	(591)	225	(366)
At 31 March 2023	28,255	(4,091)	(99)	14,694	38,759	(233)	38,526

Econ Healthcare (Asia) Limited and its subsidiaries

**Condensed consolidated statement of changes in equity
For the full year ended 31 March 2023**

Group	Share capital S\$'000	Currency translation reserve S\$'000	Merger reserve S\$'000	Accumulated profits S\$'000	Total equity attributable to owner of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
At 1 April 2021	15,000	(2,841)	(99)	12,656	24,716	514	25,230
Total comprehensive income for the year							
Profit/(loss) for the year	–	–	–	350	350	(406)	(56)
Other comprehensive income							
Foreign currency translation differences – foreign operations	–	(82)	–	–	(82)	31	(51)
Total comprehensive income for the year	–	(82)	–	350	268	(375)	(107)
Transactions with owner, recognised directly in equity							
Dividends paid	–	–	–	(2,570)	(2,570)	–	(2,570)
Shares issued	14,000	–	–	–	14,000	–	14,000
Offset of listing expenses	(745)	–	–	–	(745)	–	(745)
Capital contribution by non-controlling interests	–	–	–	–	–	134	134
Total contributions by and distribution to owner	13,255	–	–	(2,570)	10,685	134	10,819
At 31 March 2022	28,255	(2,923)	(99)	10,436	35,669	273	35,942

Econ Healthcare (Asia) Limited and its subsidiaries

**Condensed statements of changes in equity
For the full year ended 31 March 2023**

Company	Share capital S\$'000	Retained earnings S\$'000	Total equity S\$'000
At 1 April 2022	28,255	9,891	38,146
Total comprehensive income for the year			
Profit for the year	–	5,203	5,203
Total comprehensive income for the year	–	5,203	5,203
<i>Transactions with owner, recognised directly in equity</i>			
Dividends paid	–	(591)	(591)
Total transactions with owners	–	(591)	(591)
At 31 March 2023	<u>28,255</u>	<u>14,503</u>	<u>42,758</u>
At 1 April 2021	15,000	6,851	21,851
Total comprehensive income for the year			
Loss for the year	–	5,610	5,610
Total comprehensive income for the year	–	5,610	5,610
<i>Transactions with owner, recognised directly in equity</i>			
Dividends paid	–	(2,570)	(2,570)
Share issued	14,000	–	14,000
Offset of listing expenses	(745)	–	(745)
Total transactions with owners	<u>13,255</u>	<u>(2,570)</u>	<u>10,685</u>
At 31 March 2022	<u>28,255</u>	<u>9,891</u>	<u>38,146</u>

Econ Healthcare (Asia) Limited and its subsidiaries

Condensed consolidated statement of cash flows
For the full year ended 31 March 2023

	2023	2022
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before tax	5,631	861
Adjustments for:		
Amortisation of deferred capital grant	(321)	(178)
Write-off of property, plant and equipment	67	364
Depreciation of property, plant and equipment	1,477	1,379
Depreciation of right-of-use assets	7,872	6,014
Gain on termination of leases	–*	(76)
(Reversal of)/impairment losses on trade receivables	(35)	101
Impairment losses on property, plant and equipment	568	–
Impairment losses on right-of-use assets	380	–
Interest income	(214)	(3)
Interest expense	1,512	1,430
Rent concessions	–	(659)
Unwinding of discount on provisions	7	3
Share of loss of associate, net of tax	30	30
Dividends income from investment in quoted securities	–	(8)
Fair value gains on investment in quoted securities	(59)	–
Loss on investment in quoted securities, net	–	3,354
	<u>16,915</u>	<u>12,612</u>
Changes in:		
- Trade and other receivables	(715)	(3,467)
- Trade and other payables	(3,428)	4,677
- Inventories	4	–*
Cash generated from operations	<u>12,776</u>	<u>13,822</u>
Tax paid	(1,045)	(1,264)
Net cash from operating activities	<u>11,731</u>	<u>12,558</u>
Cash flows from investing activities		
Finance lease received	18	37
Interest received	169	2
Proceeds from disposal of plant and equipment	–	9
Investment in associate	–	(83)
Purchase of property, plant and equipment	(3,631)	(2,630)
Capital grants received	1,980	1,505
Dividends income from investment in quoted securities	–	8
Investments in quoted securities	(696)	(5,104)
Proceeds from disposal of quoted securities	–	1,750
Net cash used in investing activities	<u>(2,160)</u>	<u>(4,506)</u>

* Less than S\$1,000

Econ Healthcare (Asia) Limited and its subsidiaries**Condensed consolidated statement of cash flows (cont'd)
For the full year ended 31 March 2023**

	2023	2022
	S\$'000	S\$'000
Cash flows from financing activities		
Capital contribution by non-controlling interests	225	134
Proceeds from borrowings	–	130
Repayment of borrowings	(1,733)	(3,306)
Payment of principal portion of lease liabilities	(7,583)	(4,881)
Interest paid	(1,513)	(1,121)
Dividends paid	(591)	(2,570)
Proceeds from issuance of shares pursuant to initial public offering	–	14,000
Payment of initial public offering transaction costs	–	(408)
Net cash (used in)/from financing activities	(11,195)	1,978
Net (decrease)/increase in cash and cash equivalents	(1,624)	10,030
Cash and cash equivalents at 1 April	26,035	16,029
Effect of exchange rate fluctuations on cash held	146	(24)
Cash and cash equivalents at 31 March	24,557	26,035

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

	2023	2022
	S\$'000	S\$'000
Cash at bank and fixed deposits	24,621	26,102
Less: Fixed deposits with maturity more than 90 days at year end	(35)	(35)
Less: Restricted fixed deposit	(29)	(32)
Cash and cash equivalents in consolidated statement of cash flows	24,557	26,035

Econ Healthcare (Asia) Limited and its subsidiaries

Notes to the condensed consolidated financial statements For the six months and full year period ended 31 March 2023

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 financial statements for the six months and full year ended 31 March 2023 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 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’s financial position and performance since the last interim financial statements for the period ended 30 September 2022.

The condensed consolidated financial statements are presented in Singapore dollar (“S\$”) and all values are rounded to the nearest thousand (“S\$’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 year, 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.

Econ Healthcare (Asia) Limited and its subsidiaries

Notes to the condensed consolidated financial statements For the six months and full year period ended 31 March 2023

2.2 Use of judgements and estimates

In preparing the condensed consolidated 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 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.

Econ Healthcare (Asia) Limited and its subsidiaries

**Notes to the condensed consolidated financial statements
For the six months and full year period ended 31 March 2023**

Information about reportable segments

	Medicare centres and nursing homes S\$'000	Other operation and ancillary services S\$'000	Eliminations S\$'000	Total S\$'000
Six months ended 31 March 2023				
Revenue				
External revenue	21,863	430	–	22,293
Inter-segment revenue	–	4,863	(4,863)	–
	21,863	5,293	(4,863)	22,293
Results:				
Segment results	4,030	(114)	246	4,162
Net finance costs	(2,060)	140	1,394	(526)
Share of results of associate	–	–	–	(22)
Unallocated expenses: Fair value gains on investment in quoted securities	–	–	–	61
Segment profit before tax	1,970	26	1,640	3,675
Significant non-cash items				
Depreciation of property, plant and equipment	716	97	–	813
Depreciation of right-of-use assets	3,032	919	–	3,951
Reversal of impairment losses on trade receivables	(28)	–	–	(28)
Six months ended 31 March 2022				
Revenue				
External revenue	18,929	396	–	19,325
Inter-segment revenue	–	3,998	(3,998)	–
	18,929	4,394	(3,998)	19,325
Results:				
Segment results	2,728	674	(13)	3,389
Net finance costs	(980)	(52)	157	(875)
Share of results of associate	–	–	–	(30)
Unallocated expenses: Listing expenses	–	–	–	(19)
Unallocated expenses: Loss on investment in quoted securities	–	–	–	(3,354)
Segment profit/(loss) before tax	1,748	622	144	(889)
Significant non-cash items				
Depreciation of property, plant and equipment	652	96	–	748
Depreciation of right-of-use assets	2,465	912	–	3,377
Impairment losses on trade receivables	99	–	–	99

Econ Healthcare (Asia) Limited and its subsidiaries

**Notes to the condensed consolidated financial statements
For the six months and full year period ended 31 March 2023**

	Medicare centres and nursing homes S\$'000	Other operation and ancillary services S\$'000	Eliminations S\$'000	Total S\$'000
Full year ended 31 March 2023				
Revenue				
External revenue	42,619	889	–	43,508
Inter-segment revenue	–	9,333	(9,333)	–
	42,619	10,222	(9,333)	43,508
Results:				
Segment results	6,394	189	246	6,829
Net finance costs	(2,749)	128	1,394	(1,227)
Share of results of associate	–	–	–	(30)
Unallocated expenses: Fair value gains on investment in quoted securities	–	–	–	59
Segment profit before tax	3,645	317	1,640	5,631
Significant non-cash items				
Depreciation of property, plant and equipment	1,301	176	–	1,477
Depreciation of right-of-use assets	6,032	1,840	–	7,872
Reversal of impairment losses on trade receivables	(35)	–	–	(35)
Full year ended 31 March 2022				
Revenue				
External revenue	38,092	813	–	38,905
Inter-segment revenue	–	8,208	(8,208)	–
	38,092	9,021	(8,208)	38,905
Results:				
Segment results	5,032	747	(13)	5,766
Net finance costs	(1,505)	(112)	157	(1,460)
Share of results of associate	–	–	–	(30)
Unallocated expenses: Listing expenses	–	–	–	(61)
Unallocated expenses: Loss on investment in quoted securities	–	–	–	(3,354)
Segment profit before tax	3,515	563	144	861
Significant non-cash items				
Depreciation of property, plant and equipment	1,195	184	–	1,379
Depreciation of right-of-use assets	4,209	1,805	–	6,014
Impairment losses on trade receivables	101	–	–	101

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**Notes to the condensed consolidated financial statements
For the six months and full year period ended 31 March 2023**

	Medicare centres and nursing homes S\$'000	Other operation and ancillary services S\$'000	Eliminations S\$'000	Total S\$'000
As at 31 March 2023				
Assets:				
Segment assets	85,057	69,256	(55,251)	99,062
Tax assets	209	–	–	209
Total assets	<u>85,266</u>	<u>69,256</u>	<u>(55,251)</u>	<u>99,271</u>
Liabilities:				
Segment liabilities	82,762	31,232	(54,847)	59,147
Tax liabilities	1,473	125	–	1,598
Total liabilities	<u>84,235</u>	<u>31,357</u>	<u>(54,847)</u>	<u>60,745</u>
Capital expenditure	<u>3,462</u>	<u>98</u>	<u>–</u>	<u>3,560</u>
As at 31 March 2022				
Assets:				
Segment assets	85,624	69,718	(54,967)	100,375
Tax assets	354	9	–	363
Total assets	<u>85,978</u>	<u>69,727</u>	<u>(54,967)</u>	<u>100,738</u>
Liabilities:				
Segment liabilities	81,556	36,399	(54,492)	63,463
Tax liabilities	1,272	61	–	1,333
Total liabilities	<u>82,828</u>	<u>36,460</u>	<u>(54,492)</u>	<u>64,796</u>
Capital expenditure	<u>3,177</u>	<u>48</u>	<u>–</u>	<u>3,225</u>

Econ Healthcare (Asia) Limited and its subsidiaries

Notes to the condensed consolidated financial statements For the six months and full year period ended 31 March 2023

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.

	Six months ended 31 March		Full year ended 31 March	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Revenue				
Singapore	19,298	16,875	37,682	33,771
Malaysia	2,720	2,246	5,330	4,768
China	275	204	496	366
Consolidated revenue	<u>22,293</u>	<u>19,325</u>	<u>43,508</u>	<u>38,905</u>

	31 March 2023 S\$'000	31 March 2022 S\$'000
	Non-current assets⁽¹⁾	
Singapore	37,964	36,224
Malaysia	20,251	22,301
China	9,170	10,165
Consolidated total non-current assets	<u>67,385</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 financial statements
For the six months and full year period ended 31 March 2023**

5

Revenue

Six months ended 31 March	Medicare centres and nursing homes fees			Ancillary fees				Total S\$'000
	Home fees S\$'000	Home care and day care and other nursing home services S\$'000	Operating subvention grant S\$'000	Course fees S\$'000	Management fee S\$'000	Traditional Chinese medicine ("TCM") clinics services S\$'000	Other ancillary services S\$'000	
2023								
Third parties								
- Singapore	5,849	2,011	11,008	2	–	416	–*	19,286
- Malaysia	1,806	914	–	–	–	–	–	2,720
- China	46	229	–	–	–	–	–	275
	7,701	3,154	11,008	2	–	416	–	22,281
Related corporation								
- Singapore	–	–	–	–	12	–	–	12
	7,701	3,154	11,008	2	12	416	–*	22,293
2022								
Third parties								
- Singapore	5,243	1,777	9,459	26	–	358	–*	16,863
- Malaysia	1,600	646	–	–	–	–	–	2,246
- China	37	167	–	–	–	–	–	204
	6,880	2,590	9,459	26	–	358	–*	19,301
Related corporation								
- Singapore	–	–	–	–	12	–	–	12
	6,880	2,590	9,459	26	12	358	–*	19,325
Full year ended 31 March 2023								
Third parties								
- Singapore	11,623	3,884	21,287	4	–	861	–*	37,659
- Malaysia	3,516	1,814	–	–	–	–	–	5,330
- China	87	409	–	–	–	–	–	496
	15,226	6,107	21,287	4	–	861	–*	43,485
Related corporation								
- Singapore	–	–	–	–	23	–	–	23
	15,226	6,107	21,287	4	23	861	–*	43,508

* Less than S\$1,000

Econ Healthcare (Asia) Limited and its subsidiaries

Notes to the condensed consolidated financial statements For the six months and full year period ended 31 March 2023

Full year ended 31 March	Medicare centres and nursing homes fees			Ancillary fees				Total S\$'000
	Home fees S\$'000	Home care and day care and other nursing home services S\$'000	Operating subvention grant S\$'000	Course fees S\$'000	Management fee S\$'000	Traditional Chinese medicine ("TCM") clinics services S\$'000	Other ancillary services S\$'000	
2022								
Third parties								
- Singapore	10,880	3,435	18,643	28	–	762	–*	33,748
- Malaysia	3,304	1,464	–	–	–	–	–	4,768
- China	65	301	–	–	–	–	–	366
	14,249	5,200	18,643	28	–	762	–*	38,882
Related corporation								
- Singapore	–	–	–	–	23	–	–	23
	14,249	5,200	18,643	28	23	762	–*	38,905

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 and day care centres. 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.

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 operating 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.

Econ Healthcare (Asia) Limited and its subsidiaries

**Notes to the condensed consolidated financial statements
For the six months and full year period ended 31 March 2023**

6 Other income

	Six months ended 31 March		Full year ended 31 March	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Other government grants:				
- Grants on special employment credit, temporary employment credit and wages credit scheme	140	90	152	107
- Grants on Jobs Support Scheme	–	–	–	128
- Grants on staff accommodation	49	158	102	218
- Grants on Senior Management Associate Scheme	19	152	19	152
- Grants on Jobs Growth Incentive	44	233	171	370
- Eldercare centre baseline service transition grants	210	420	390	420
- Grant for Equity Market Singapore	–	200	–	200
- Grants on community care salary enhancements	599	384	727	384
- Grants on Healthcare Hiring In Advance Initiatives	284	312	284	312
- Grant on Workforce Development	88	–	88	–
Rent concessions	–	527	–	659
Rental income	135	135	261	259
Amortisation of deferred capital grants	208	99	321	178
Service fees	–	53	32	106
Dividends income from quoted securities	–	8	–	8
Gain on lease termination	–*	76	–*	76
Rental subsidy/subvention grants	1,461	830	2,931	986
Pre-operations funding	1,927	176	2,935	176
Furniture and equipment funding	327	–	327	–
Others	210	387	457	469
	5,701	4,240	9,197	5,208

* Less than S\$1,000

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**Notes to the condensed consolidated financial statements
For the six months and full year period ended 31 March 2023**

7 Finance costs, net

	Six months ended 31 March		Full year ended 31 March	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
Interest income from bank deposits	181	1	214	2
Interest income from finance lease receivables	–	–	–	1
Exchange gain, net	43	–	78	–
Finance income	<u>224</u>	<u>1</u>	<u>292</u>	<u>3</u>
Exchange loss, net	–	(16)	–	(30)
Interest expense on bank borrowings	(137)	(135)	(268)	(263)
Unwinding of discount on provision of restoration cost	(4)	(2)	(7)	(3)
Interest expense from lease liabilities	(609)	(723)	(1,244)	(1,167)
Finance costs	<u>(750)</u>	<u>(876)</u>	<u>(1,519)</u>	<u>(1,463)</u>
Net finance costs	<u>(526)</u>	<u>(875)</u>	<u>(1,227)</u>	<u>(1,460)</u>

8 Profit/(loss) for the period/year

The following items have been included in arriving at profit/(loss) for the period/year:

	Six months ended 31 March		Full year ended 31 March	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
Initial public offering expenses	–	(19)	–	61
Write-off of property, plant and equipment	47	346	67	364
Expenses relating to short-term leases presented in “staff costs” and “other operating expenses”	100	112	218	248
Repair and maintenance expenses	714	903	1,512	1,449
Contributions to defined contribution plans included in staff costs	704	584	1,259	1,048
Directors’ fees	90	43	174	85

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Notes to the condensed consolidated financial statements For the six months and full year period ended 31 March 2023

	Six months ended 31 March		Full year ended 31 March	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
Impairment losses on property, plant and equipment	568	–	568	–
Impairment losses on right-of-use assets	380	–	380	–

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 and full year ended 31 March 2023 and 2022 are:

	Six months ended 31 March		Full year ended 31 March	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
Current tax expense	935	637	1,356	1,023
Deferred tax expense/(credit)	153	(49)	112	(106)
	1,088	588	1,468	917

10 Property, plant and equipment

During the year ended 31 March 2023, the Group acquired property, plant and equipment of S\$3,560,000 (31 March 2022: S\$3,225,000).

11 Right-of-use assets

During the year ended 31 March 2023, the Group recognised additions to right-of-use assets of S\$679,000 (31 March 2022: S\$20,015,000)

12 Investment property

	31 March	31 March
	2023	2022
	S\$'000	S\$'000
At beginning of the year, at cost	8,092	8,154
Translation differences on consolidation	(538)	(62)
At end of the year	7,554	8,092

Investment property comprises a freehold land that is leased to a third party during the 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

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For the six months and full year period ended 31 March 2023**

Amounts recognised in profit or loss

	Six months ended 31 March		Full year ended 31 March	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
Rental income	128	116	260	221
Direct operating expenses	(3)	(3)	(6)	(6)

Investment property is measured at cost but for which fair value is disclosed

The fair value of the investment property amounted to S\$7,546,000 (31 March 2022: S\$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 at the fair value of investment property.

Econ Healthcare (Asia) Limited and its subsidiaries

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13 Trade and other receivables

	Group		Company	
	31 March 2023 S\$'000	31 March 2022 S\$'000	31 March 2023 S\$'000	31 March 2022 S\$'000
Trade receivables – third parties	1,775	1,590	–	–
Less: Impairment losses	(273)	(324)	–	–
	<u>1,502</u>	<u>1,266</u>	<u>–</u>	<u>–</u>
Trade receivables – subsidiaries	–	–	3,638	2,118
Impairment losses	–	–	(690)	(356)
Receivables for operating subvention grants	<u>1,637</u>	<u>1,206</u>	<u>–</u>	<u>–</u>
Aggregate of trade receivables and receivables for operating subvention grants	3,139	2,472	2,948	1,762
Other government grant receivables	2,268	1,368	171	–
Other receivables	207	983	45	204
Staff advances	29	15	–	135
Deposits	1,991	2,004	766	766
Non-trade amounts due from subsidiaries	–	–	2,395	1,963
Impairment losses	–	–	(586)	(309)
Financial assets at amortised cost	7,634	6,842	5,739	4,521
Prepayments	<u>393</u>	<u>467</u>	<u>271</u>	<u>129</u>
	<u>8,027</u>	<u>7,309</u>	<u>6,010</u>	<u>4,650</u>
Non-current	1,736	1,757	2,892	1,912
Current	<u>6,291</u>	<u>5,552</u>	<u>3,118</u>	<u>2,738</u>
	<u>8,027</u>	<u>7,309</u>	<u>6,010</u>	<u>4,650</u>

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

The Group's 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.

The Company's non-current amounts relate mainly to trade amounts due from subsidiaries, which are unsecured, interest-free, repayable on demand and not expected to be repaid within 12 months.

Econ Healthcare (Asia) Limited and its subsidiaries

Notes to the condensed consolidated financial statements For the six months and full year period ended 31 March 2023

14 Share capital

	Number of shares		Amount	
	31 March 2023	31 March 2022	31 March 2023 S\$'000	31 March 2022 S\$'000
Group and Company				
Issued and fully paid ordinary shares, at par value:				
In issue at beginning of the 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 year	<u>257,000,000</u>	<u>257,000,000</u>	<u>28,255</u>	<u>28,255</u>

*Derived after offsetting listing expenses of S\$745,000 against proceeds from share issued pursuant to initial public offering of S\$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 31 March 2023 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.

Dividends

During the full year period ended 31 March 2023, the Group declared interim dividend in amount of S\$591,100 (S\$0.0023 per ordinary share). The dividends were fully paid.

Econ Healthcare (Asia) Limited and its subsidiaries

**Notes to the condensed consolidated financial statements
For the six months and full year period ended 31 March 2023**

16 Net asset value per share

	Group		Company	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Net asset value per ordinary share (in cents)	15.08	14.02	16.64	14.99

17 Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the six months ended 31 March 2023, full year ended 31 March 2023, six months ended 31 March 2022 and full year ended 31 March 2022 is based on the profit/(loss) attributable to ordinary shareholders of S\$3,161,000, S\$4,849,000, S\$(1,262,000), and S\$350,000 respectively and the weighted-average number of ordinary shares outstanding during the years, as follows:

	Six months ended 31 March		Full year ended 31 March	
	2023	2022	2023	2022
	No. of shares	No. of shares	No. of shares	No. of shares
Weighted-average number of ordinary shares at end of the period/year	257,000,000	257,000,000	257,000,000	254,397,260

Diluted earnings per share

As at 31 March 2023 and 2022, there were no outstanding dilutive potential ordinary shares.

18 Loans and borrowings

	30 March 2023 S\$'000	31 March 2022 S\$'000
Non-current liabilities		
Unsecured bank loans	–	718
Secured bank loans	1,798	2,429
	1,798	3,147
Current liabilities		
Unsecured bank loans	801	1,231
Secured bank loans	2,484	2,732
Overdraft	–	34
	3,285	3,997
	5,083	7,144

Econ Healthcare (Asia) Limited and its subsidiaries

**Notes to the condensed consolidated financial statements
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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 S\$'000	Carrying amount S\$'000
31 March 2023						
Group						
Unsecured bank loans	A	SGD	SIBOR + 2%	2023	801	801
			Base lending rate –			
Secured bank loans	B	MYR	1.25%	2027	2,268	2,268
Unsecured revolving credit	C	MYR	Cost of funds + 1.50%	2023	2,014	2,014
					<u>5,083</u>	<u>5,083</u>
31 March 2022						
Group						
Unsecured bank loans	A	SGD	SIBOR + 2%	2023	1,949	1,949
			Base lending rate –			
Secured bank loans	B	MYR	1.25%	2027	2,907	2,907
Unsecured revolving credit	C	MYR	Cost of funds + 1.50%	2022	2,254	2,254
			Base lending rate –			
Overdraft	B	MYR	1.25%	2022	34	34
					<u>7,144</u>	<u>7,144</u>

- A) As at 31 March 2023 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 were secured by the Group's freehold land and building amounting to S\$8,448,000 (31 March 2022: S\$9,240,000).
- C) As at 31 March 2023 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 RM40,000,000 and gearing ratio shall not exceed 0.75 times.

Econ Healthcare (Asia) Limited and its subsidiaries

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19 Trade and other payables

	Group		Company	
	31 March 2023 S\$'000	31 March 2022 S\$'000	31 March 2023 S\$'000	31 March 2022 S\$'000
Trade payables – third parties	1,050	906	–	–
Non-trade amount due to subsidiaries	–	–	1,011	2,548
Accrued operating expenses	2,916	3,604	911	941
Interest payables	3	4	–	–
Other payables	666	473	81	164
Payables to suppliers of property, plant and equipment	1,166	1,238	330	330
Refundable deposits	1,465	1,422	–	–
Financial liabilities at amortised cost	7,266	7,647	2,333	3,983
Deferred grant income	321	3,309	–	–
Liability for short-term accumulated compensated absences	140	147	80	63
Home fees collected in advance	189	147	–	–
	<u>7,916</u>	<u>11,250</u>	<u>2,413</u>	<u>4,046</u>

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 financial statements For the six months and full year period ended 31 March 2023

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.

	Six months ended 31 March		Full year ended 31 March	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
Post-employment benefits	23	30	44	53
Short term employee benefits including director fees	590	603	1,147	1,125
Non-monetary benefit	139	20	152	26
	<u>752</u>	<u>653</u>	<u>1,343</u>	<u>1,204</u>

Other related party transactions

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

	Six months ended 31 March		Full year ended 31 March	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
Ultimate holding company				
Payment made on behalf	–	(11)	–	(11)
Related corporations*				
Management fee income	(9)	(9)	(19)	(19)
Rental income	(2)	(2)	(5)	(5)
Payment made on behalf	–	–	–	(1)

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

21 Subsequent events

In May 2023, the Company had fully disposed its investments in quoted securities. The Company recorded S\$18,000 dividends declared and received subsequent to year end and a realised gain on disposal of S\$32,000.

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 consolidated statement of financial position of the Group as at 31 March 2023 and the related consolidated profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 March 2023 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

FY2023 vs FY2022

Revenue

Revenue increased 11.8% or S\$4.6 million, from S\$38.9 million to S\$43.5 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\$3.8 million from Singapore due to contribution of S\$2.6 million from the commencement of operations of the ECON Care Residences (Henderson), and S\$1.2 million through improvement in our homecare business and fees increment, (ii) increase of S\$0.6 million from Malaysia due to increase of S\$1.4 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\$0.1 million from China due to net increase in bed occupancy of 12 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 31 March 2023, our monthly average bed capacity stood at 1,747 (FY2022: 1,231). This is arrived after the commencement of the operation of ECON Care Residence (Henderson) in April 2022, which contributed to bed capacity of 236, and soft launch of the operation of ECON Medicare Centre and Nursing Home – Changshou on February 2023, which contributed to bed capacity of 280; offset by the closure of ECON Medicare Centre and Nursing Home – Pudu in December 2021, with bed capacity of 189. As ECON Care Residences (Henderson) and ECON Medicare Centre and Nursing Home – Changshou are in their first year of operations, this resulted in the Group's lower overall bed occupancy of 67.3% in FY2023, as compared to 84.2% in FY2022.

Other income

Other income increase by S\$4.0 million from S\$5.2 million in FY2022 to S\$9.2 million in FY2023. The increase was mainly attributed to an increase in (i) pre-operations funding of S\$2.8 million for the purpose of facilitating the ramping up of operations for ECON Care Residences (Henderson) (ii) rental subsidy/subvention grants of S\$1.9 million (iii) furniture and equipment funding of S\$0.3 million to purchase equipment for furnishing ECON Care Residences (Henderson) (iv) community care salary enhancements grant of S\$0.3 million. These increases were offset by decrease in grant for Equity Market Singapore of S\$0.2 million and COVID-19 related support grants, namely jobs growth incentive grant of \$0.2 million, staff accommodation grant of S\$0.1 million, grants on senior management associate scheme of S\$0.1 million, grants on jobs support scheme of S\$0.1 million and rent concessions of S\$0.7 million.

Supplies and consumables

Our cost of supplies and consumables increased by 5.8%, or S\$0.4 million, from S\$5.8 million in FY2022 to S\$6.2 million in FY2023. The increase was mainly due to increase in the purchase of consumables of S\$0.5 million for residents for ECON Care Residence (Henderson), offset with savings of S\$0.1 million from Malaysia nursing homes.

Staff costs

Our staff costs increased by 21.4% or S\$4.1 million from S\$19.4 million in FY2022 to S\$23.5 million in FY2023. The increase is mainly due to increase in (i) S\$2.2 million of staff costs incurred for the headcount of ECON Care Residence (Henderson), (ii) S\$1.1 million of staff costs incurred for increase in headcount and salary increments in the remaining nursing homes, (iii) increase in headcount for support function of S\$0.6 million and (iv) S\$0.2 million of staff costs in China mainly due to ECON Medicare Centre and Nursing Home – Changshou preparing for the launch of its operations.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment increased by 7.1%, or S\$0.1 million, from S\$1.4 million in FY2022 to S\$1.5 million in FY2023 due to depreciation charge on the capital expenditure incurred for ECON Care Residence (Henderson).

Depreciation of right-of-use assets

Depreciation of right-of-use assets increased by 30.9%, or S\$1.9 million, from S\$6.0 million in FY2022 to S\$7.9 million in FY2023 due to depreciation charge incurred on the right-of-use assets for ECON Care Residences (Henderson) and ECON Medicare Centre and Nursing Home – Changshou.

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Other information required by Listing Rule Appendix 7.2

Utilities expenses

Utilities expenses increased by S\$0.5 million from S\$1.0 million in FY2022 to S\$1.5 million in FY2023 mainly due to the increase in electricity tariff in Singapore.

Reversal of/(impairment losses) on trade receivables

Impairment losses on trade receivables of S\$0.1 million in FY2022 were mainly related to impairment of uncollectible debts from ECON Medicare Centre and Nursing Home – Pudu following its closure.

Loss on investment in quoted securities, net

Net loss on investment in quoted securities in FY2022 amounted to S\$3.4 million mainly due to loss on disposal of Crosstec shares as announced on 12 January 2022.

Other operating expenses

Other operating expenses increased by 15.2%, or S\$0.7 million, from S\$4.7 million in FY2022 to S\$5.4 million in FY2023. The increase was due to the Group recognising impairment losses on property, plant and equipment and right-of-use assets of S\$0.6 million and S\$0.4 million respectively for ECON Medicare Centre and Nursing Home – Chongqing in FY2023. The increase was offset with decrease in fixed assets written off of S\$0.3 million due to the closure of ECON Medicare Centre and Nursing Home – Pudu in FY2022.

Finance costs, net

Net finance costs decreased by 16.0%, or S\$0.2 million, from S\$1.4 million in FY2022 to S\$1.2 million in FY2023 mainly due to the increase in interest income from deposits placed with banks as interest rates hiked during the financial year.

Profit before tax

Profit before tax increased by 554.0%, or S\$4.7 million, from S\$0.9 million in FY2022 to S\$5.6 million in FY2023. The increase in profit before tax for FY2023 was mainly brought about by the increase in other income, mainly attributable to increase in pre-operations funding of S\$2.8 million and furniture and equipment funding of S\$0.3 million for ECON Care Residences (Henderson) and there was no loss on disposal on quoted securities for the financial year, offset by the impairment losses on property, plant and equipment and right-of-use assets of S\$0.6 million and S\$0.4 million respectively for ECON Medicare Centre and Nursing Home – Chongqing.

In FY2022, profit before tax included grant on Equity Market Singapore Scheme of S\$0.2 million and COVID-19 related support grants amounting to S\$1.5 million relating to job growth incentive, staff accommodation, senior management associate scheme, rent concessions and jobs support scheme, losses from the investment in quoted securities of S\$3.4 million and expenses incurred for the closure of ECON Medicare Centre and Nursing Home – Pudu of S\$0.5 million (“Pudu closure”) and IPO expenses of S\$61,000.

Excluding the abovementioned exceptional items, the normalised profit before tax for FY2023 is S\$3.0 million, an increase of S\$0.1 million compared to the normalised profit before tax of S\$2.9 million for FY2022.

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Tax expense

Tax expense increased by 60.1%, or S\$0.6 million, from S\$0.9 million in FY2022 to S\$1.5 million in FY2023 due to the increase in profit before tax.

Profit attributable to owner of the company (PATMI)

As a result of the foregoing, our PATMI increased by S\$4.5 million, from S\$0.3 million in FY2022 to S\$4.8 million in FY2023. PATMI margin increased from 0.9% in FY2022 to 11.1% in FY2023.

Earnings per share (EPS) on a fully diluted basis for FY2023 was 1.89 cent compared to 0.14 cents for FY2022.

Net asset value (NAV) per share was 15.08 cents as at 31 March 2023 compared to 14.02 cents as at 31 March 2022.

(B) Statement of financial position

Non-current assets

As at 31 March 2023, our non-current assets of S\$67.5 million accounted for 68.0% of our total assets. Our non-current assets comprised 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, ambulances and medical equipment, furniture, fittings and office equipment, computers and accessories and motor vehicles;
- (ii) right-of-use assets, which amounted to S\$39.7 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\$7.6 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\$1.7 million, and is related to security deposits paid to our landlords and utilities providers;
- (v) deferred tax assets, which amounted to S\$0.1 million, in relation to lease accounting, provisions and tax loss carry-forwards; and
- (vi) investment in an associate amounting to S\$21,000, of which the Group's interest is 20%.

The decrease in non-current assets by S\$1.3 million from S\$68.8 million as at 31 March 2022 to S\$67.4 million as at 31 March 2023 was mainly due to (i) decrease in right-of-use assets of S\$1.1 million is a result of impairment losses on right-of-use assets of ECON Medicare Centre and Nursing Home – Chongqing as its carrying amount is less than its estimated recoverable amount, and translation differences for the Malaysia and China nursing homes, (ii) decrease in investment property of S\$0.5 million due to translation differences as Singapore dollar appreciated against the Malaysia Ringgit; offset by the increase in property, plant and equipment of S\$0.4 million due to additions of nursing home equipment for ECON Care Residences (Henderson) and renovations ahead of the soft launch for ECON Medicare Centre and Nursing Home – Changshou.

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Current assets

As at 31 March 2023, our current assets of S\$31.8 million accounted for 32.0% of our total assets. Our current assets mainly comprised:

- (i) trade and other receivables, which amounted to S\$6.3 million, comprising S\$1.5 million of net third party trade receivables, S\$1.6 million of receivables for operating subvention grants, S\$2.3 million of other government grant receivables, S\$0.4 million prepayments, and cumulatively accounted for 92.2% of total trade and other receivables;
- (ii) investment in quoted securities, which amounted to S\$0.8 million;
- (iii) cash and cash equivalents, which amounted to S\$24.6 million or 77.5% of total current assets; and
- (iv) current tax assets, which amounted to S\$0.1 million.

The decrease in current asset by S\$0.1 million was due to decrease in cash and bank balances of S\$1.5 million and decrease in current tax assets of S\$0.1 million. The decrease was offset by the increase in trade and other receivables of S\$0.7 million mainly due to increase in government grant receivables relating to rental subvention grants, grants on community care salary enhancements and healthcare hiring in advance initiatives; and offset by increase in investments in quoted securities of S\$0.8 million.

Non-current liabilities

As at 31 March 2023, our non-current liabilities of S\$41.6 million accounted for 68.5% of our total liabilities. Our non-current liabilities mainly comprised:

- (i) loans and borrowings, which amounted to S\$1.8 million, and is related to funding for the expansion of our Group's operations;
- (ii) deferred tax liabilities, which amounted to S\$0.4 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\$3.2 million, and relating to 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\$35.5 million, being the non-current portion of the future lease payments.

The increase in non-current liabilities by 0.3% or S\$0.1 million, from S\$41.5 million as at 31 March 2022 to S\$41.6 million as at 31 March 2023 was due to increase in deferred capital grants of S\$1.6 million from receipts of the renovation grants for ECON Medicare Centre and Nursing Home – Chongqing and receipts of furniture and equipment funding for ECON Care Residences (Henderson); offset by a decrease in loan and borrowings of S\$1.3 million attributable to repayments of borrowings, and decrease in lease liabilities of S\$0.2 million.

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Current liabilities

As at 31 March 2023, our current liabilities of S\$19.1 million accounted for 31.5% of our total liabilities. Our current liabilities mainly comprised:

- (i) loans and borrowings, which amounted to S\$3.3 million, and is related to funding for the expansion of our Group's operations and general working capital purposes;
- (ii) trade and other payables, which amounted to S\$7.9 million, comprising S\$1.5 million of refundable deposits received from residents, S\$1.1 million of trade payables and S\$2.9 million of accrued operating expenses, S\$0.3 million of deferred grant income and cumulatively accounted for 72.7% of total trade and other payables;
- (iii) lease liabilities, which amounted to S\$6.8 million, being the present value of the future lease payments; and
- (iv) current tax liabilities, which amounted to S\$1.2 million.

The decrease in current liabilities by 17.9% or S\$4.2 million, from S\$23.3 million as at 31 March 2022 to S\$19.1 million as at 31 March 2023 was mainly due to decrease in trade and other payables of S\$3.3 million. Deferred grant income which includes the pre-operations funding for ECON Care Residences (Henderson) decreased by S\$3.0 million. In addition, loan and borrowings decreased by S\$0.7 million attributable to repayments of borrowings and lease liabilities decreased by S\$0.3 million.

(C) Statement of cash flows

Cash flow before changes in working capital for FY2023 amounted to S\$16.9 million. Net cash generated from operations was S\$12.8 million due to decrease in trade and other receivables of S\$0.7 million and decrease in trade and other payables of S\$3.4 million. As a result, net cash generated from operating activities after adjusting for cash paid for tax was S\$11.7 million.

Net cash flow used in investing activities was S\$2.2 million in FY2023. Net cash flows used were primarily for purchase of property, plant and equipment amounting to S\$3.6 million, investment in quoted securities of S\$0.7 million. This was offset with capital grants received of S\$3.6 million and interest received of S\$0.2 million.

Net cash flow used in financing activities was S\$11.2 million in FY2023. This was attributable to the repayment of bank borrowings and lease liabilities of S\$1.7 million and S\$7.6 million respectively, interest paid of S\$1.5 million and dividends paid of S\$0.6 million. These decreases were offset by increase in capital contribution by non-controlling interests of S\$0.2 million.

Overall, the Group reported a net decrease in cash and cash equivalents of S\$1.6 million for FY2023, ending the period with cash and cash equivalents of S\$24.6 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.

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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.

With the reopening and easing of the zero-COVID policy in China, business activities and travels are returning to pre-covid normalcy. This facilitated the successful grand opening of ECON Medicare Centre and Nursing Home – Changshou which was held on 18 May 2023.

China's economy expanded by 4.5% year-on-year in the first quarter of 2023, and alongside strong resurgence in consumer spending following the end of pandemic restrictions. Despite a more modest GDP target of 5% for 2023 set by the Chinese government, the current year growth outlook is expected to be challenging. Global economy, as forecasted by IMF, is heading for a slowdown from 3.4% in 2022 to 2.8% in 2023, amid the rising inflation and higher commodity prices which continue to pose challenges for central banks around the world. In Singapore, The Ministry of Trade and Industry (MTI) announced in February 2023 that the Singapore economy expanded by 3.6% in 2022. MTI has maintained the GDP growth forecast for 2023 at 0.5% to 2.5%.

Overall, while the lifting of Covid-19 restrictions and reopening of borders have a positive impact on our businesses in Singapore, China and Malaysia, we remain mindful of challenges that may arise, such as rising operating costs and an uncertain economy. We will continue to monitor these developments closely and take necessary measures to maintain sustainable revenue growth and profitability. Through digital transformation initiatives, we expect to improve efficiency, value and innovation. Barring unforeseen circumstances, the Group is cautiously optimistic on its business performance for the next 12 months.

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.

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

	FY2023 S\$'000
Ordinary shares (tax exempt 1-tier)	
- Interim (0.23 Singapore cent per share)	591
- Final (0.44 Singapore cent per share)	1,131
Total annual dividend	1,722

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

The Company had declared interim dividends of 0.22 Singapore cent per ordinary share for FY2022.

(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

6 September 2023

(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 23 August 2023 ("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 23 August 2023 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

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8 Breakdown of revenue and profit after tax

	Group		Change (%)
	FY2023 (S\$'000)	FY2022 (S\$'000)	
(a) Sales reported for first half year	21,215	19,580	8.4
(b) Operating profit after tax before deducting minority interests reported for first half year	1,575	1,421	10.8%
(c) Sales reported for second half year	22,293	19,325	15.4%
(d) Operating profit/(loss) after tax before deducting minority interests reported for second half year	2,587	(1,477)	N.M.

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.

Name of Interested Person	Aggregate value (S\$'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	1,852	Not applicable - the Group does not have a shareholders' mandate under Rule 920 for Interested Person Transactions
(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	381	
(3) Econ Healthcare Pte Ltd (a) Sub lease agreement for Chai Chee Nursing Home	704	
(4) E Kang International Holdings Pte. Ltd. (a) Lease of Hexacube office	488	
(5) TMI Technologies Pte Ltd (a) Sub lease arrangement for Hexacube office (b) Accounting service agreement	12	

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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 7H) under Rule 720(1) of the Catalist Rules.

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	69	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)	Director of TCM, TCM practitioner and Director of the Group's principal subsidiaries, with effect from 1994	N.A.
Ong Xin De	39	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)	Head, Development, with effect from 2017, overseeing strategic development, growth, technology and innovation of the Group (Resigned on 30 June 2022)	N.A.

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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) S\$'000	Amount utilised as at the date of this announcement S\$'000	Balance S\$'000
Expansion plans in Singapore as well as overseas through, among others, joint ventures, strategic collaborations, mergers and acquisitions, or investments	7,500	1,425	6,075
Upgrading of existing medicare centres and nursing homes and other facilities, including equipment and IT infrastructure	2,000	119	1,881
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 ⁽¹⁾	70
Total	14,000	3,974	10,026

⁽¹⁾ The amount utilised as at the date of this announcement 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
26 May 2023