

Quantum Healthcare Limited and its subsidiaries

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Group		
		6 months ended		
		31 December	31 December	
		2023	2022	
		(Unaudited)	(Restated)	
	Note	S\$'000	S\$'000	Change
Revenue	5	6,785	5,249	29.3%
Cost of sales		(3,828)	(2,769)	38.2%
Gross profit		<u>2,957</u>	<u>2,480</u>	19.2%
Administrative expenses		(3,611)	(3,783)	(4.5%)
Research and development expenses		-	(720)	(100%)
Other income		64	-	100%
Impairment loss on goodwill		-	(4,625)	(100%)
Loss from deemed disposal of subsidiary	21	-	(924)	(100%)
Results from operating activities		<u>(590)</u>	<u>(7,572)</u>	(92.2%)
Finance costs		(239)	(344)	(30.5%)
Net finance costs		<u>(239)</u>	<u>(344)</u>	(30.5%)
Loss before taxation	6	(829)	(7,916)	(89.5%)
Tax expense		(55)	(67)	(17.9%)
Loss for the period		<u>(884)</u>	<u>(7,983)</u>	(88.9%)
Other comprehensive loss				
Item that is or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences		2	(279)	NM
Total comprehensive loss for the period		<u>(882)</u>	<u>(8,262)</u>	(89.3%)
Loss attributable to:				
- Owners of the Company		(1,032)	(8,199)	(87.4%)
- Non-controlling interests		148	216	(31.5%)
Loss for the period		<u>(884)</u>	<u>(7,983)</u>	(88.9%)
Total comprehensive loss attributable to:				
- Owners of the Company		(1,030)	(8,478)	(87.9%)
- Non-controlling interests		148	216	(31.5%)
Total comprehensive loss for the period		<u>(882)</u>	<u>(8,262)</u>	(89.3%)
Loss per share for the loss attributable to the owners of the Company during the period:				
Basic (S\$)	17	(0.0001)	(0.0012)	
Diluted (S\$)	17	(0.0001)	(0.0012)	

NM denotes not meaningful

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

		Group		
		12 months ended		
		31 December	31 December	
		2023	2022	
		(Unaudited)	(Restated)	
	Note	S\$'000	S\$'000	Change
Revenue	5	13,081	9,368	39.6%
Cost of sales		(7,321)	(5,019)	45.9%
Gross profit		5,760	4,349	32.4%
Administrative expenses		(8,868)	(6,608)	34.2%
Research and development expenses		-	(743)	(100%)
Other income		179	85	>100%
Impairment loss on goodwill		-	(4,625)	(100%)
Loss from deemed disposal of subsidiary	21	-	(924)	(100%)
Results from operating activities		(2,929)	(8,466)	(65.4%)
Finance costs		(490)	(450)	8.9%
Net finance costs		(490)	(450)	8.9%
Loss before taxation	6	(3,419)	(8,916)	(61.7%)
Tax expense		(100)	(117)	(14.5%)
Loss for the year		(3,519)	(9,033)	(61.0%)
Other comprehensive loss				
Item that is or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences		(4)	-	100%
Total comprehensive loss for the year		(3,523)	(9,033)	(61.0%)
Loss attributable to:				
- Owners of the Company		(3,759)	(9,203)	(59.2%)
- Non-controlling interests		240	170	41.2%
Loss for the year		(3,519)	(9,033)	(61.0%)
Total comprehensive loss attributable to:				
- Owners of the Company		(3,763)	(9,203)	(59.1%)
- Non-controlling interests	11	240	170	41.2%
Total comprehensive loss for the year		(3,523)	(9,033)	(61.0%)
Loss per share for the loss attributable to the owners of the Company during the year:				
Basic (S\$)	17	(0.0005)	(0.0014)	
Diluted (S\$)	17	(0.0005)	(0.0014)	

CONDENSED STATEMENTS OF FINANCIAL POSITION

		Group			Company	
		31 December 2023 (Unaudited) S\$'000	31 December 2022 (Restated) S\$'000	31 December 2021 (Audited) S\$'000	31 December 2023 (Unaudited) S\$'000	31 December 2022 (Audited) S\$'000
	Note					
Assets:						
Plant and equipment	8	1,050	827	-	12	-
Intangible assets	9	714	688	-	-	-
Goodwill	10	5,557	4,120	-	-	-
Investment in subsidiaries	11	-	-	-	7,573	7,573
Investment in associate	12	-	-	-	-	-
Right-of-use assets		1,968	2,029	493	-	-
Other non-current assets		27	3	49	-	-
Non-current assets		9,316	7,667	542	7,585	7,573
Inventories		37	32	-	-	-
Trade and other receivables		2,939	1,681	30	84	7
Cash and bank balances		744	5,065	344	21	1,062
Current assets		3,720	6,778	374	105	1,069
Total assets		13,036	14,445	916	7,690	8,642
Equity:						
Share capital	15	236,230	234,230	235,188	236,230	234,230
Reserves		8,686	8,690	4,790	(228,714)	(228,714)
Accumulated losses		(248,780)	(245,021)	(242,526)	(8,321)	(6,861)
Equity attributable to owners of the Company		(3,864)	(2,101)	(2,548)	(805)	(1,345)
Non-controlling interests	11	837	597	(43)	-	-
Total equity		(3,027)	(1,504)	(2,591)	(805)	(1,345)
Liabilities:						
Lease liabilities		919	1,251	309	-	-
Other payables		32	-	-	-	-
Loans and borrowings	13	3,201	4,238	-	-	-
Amount due to a non-controlling interest		1,314	2,563	-	1,314	2,563
Deferred tax liabilities		132	61	-	-	-
Non-current liabilities		5,598	8,113	309	1,314	2,563
Lease liabilities		1,026	756	203	-	-
Loans and borrowings	13	1,361	1,309	485	-	-
Amount due to a non-controlling interest		1,383	1,383	-	1,383	1,383
Trade and other payables	14	6,338	4,177	2,510	5,798	6,041
Provision for reinstatement costs		222	155	-	-	-
Provision for unutilised leave		41	-	-	-	-
Provision for income tax		94	56	-	-	-
Current liabilities		10,465	7,836	3,198	7,181	7,424
Total liabilities		16,063	15,949	3,507	8,495	9,987
Total equity and liabilities		13,036	14,445	916	7,690	8,642

CONDENSED STATEMENTS OF CHANGES IN EQUITY

Group	Attributable to owners of the Company						Attributable to equity holders of the Company	Non-controlling interests	Total equity
	Ordinary shares S\$'000	Merger reserve S\$'000	Reserve for own shares S\$'000	Translation reserve S\$'000	Share-based payment reserve S\$'000	Accumulated (losses)/profits S\$'000			
At 31 December 2021	235,188	(1,866)	(104)	(4,831)	11,591	(242,526)	(2,548)	(43)	(2,591)
Effects of changes in functional currency	(9,647)	-	6	3,327	87	6,227	-	-	-
At 1 January 2022	225,541	(1,866)	(98)	(1,504)	11,678	(236,299)	(2,548)	(43)	(2,591)
Total comprehensive loss for the year									
Loss for the year	-	-	-	-	-	(9,203)	(9,203)	170	(9,033)
Other comprehensive loss									
Foreign currency translation differences	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	(9,203)	(9,203)	170	(9,033)
Contribution by and distribution to owners									
Shares issued pursuant to share placement	7,300	-	-	-	-	-	7,300	-	7,300
Shares issued pursuant to business combination	1,389	-	-	-	-	-	1,389	-	1,389
Partial dilution of interest in a subsidiary to non-controlling interests (Restated)	-	(1,024)	-	1,504	-	481	961	43	1,004
Total contribution by and distribution to owners	8,689	(1,024)	-	1,504	-	481	9,650	43	9,693
Change in ownership interests									
Acquisition of partial interest in a subsidiary	-	-	-	-	-	-	-	427	427
Total change in ownership interest	-	-	-	-	-	-	-	427	427
Total transactions with owners of the Company	8,689	(1,024)	-	1,504	-	481	9,650	470	10,120
At 31 December 2022 (Restated)	234,230	(2,890)	(98)	-	11,678	(245,021)	(2,101)	597	(1,504)

CONDENSED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Group	Attributable to owners of the Company						Attributable to equity holders of the Company	Non-controlling interests	Total equity
	Ordinary shares S\$'000	Merger reserve S\$'000	Reserve for own shares S\$'000	Translation reserve S\$'000	Share-based payment reserve S\$'000	Accumulated (losses)/profits S\$'000			
At 1 January 2023	234,230	(2,890)	(98)	–	11,678	(245,021)	(2,101)	597	(1,504)
Total comprehensive loss for the year									
Loss for the year	–	–	–	–	–	(3,759)	(3,759)	240	(3,519)
Other comprehensive loss									
Foreign currency translation differences	–	–	–	(4)	–	–	(4)	–	(4)
Total comprehensive loss for the year	–	–	–	(4)	–	(3,759)	(3,763)	240	(3,523)
Contribution by and distribution to owners									
Shares issued pursuant to share placement	2,000	–	–	–	–	–	2,000	–	2,000
Total contribution by and distribution to owners	2,000	–	–	–	–	–	2,000	–	2,000
Change in ownership interests									
Acquisition of partial interest in a subsidiary	–	–	–	–	–	–	–	–	–
Total change in ownership interest	–	–	–	–	–	–	–	–	–
Total transactions with owners of the Company	2,000	–	–	–	–	–	2,000	–	2,000
At 31 December 2023	236,230	(2,890)	(98)	(4)	11,678	(248,780)	(3,864)	837	(3,027)

CONDENSED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Company	Attributable to owners of the Company							Total equity S\$'000
	Ordinary shares S\$'000	Capital reserve S\$'000	Reserve for own shares S\$'000	Capital contribution S\$'000	Translation reserve S\$'000	Share-based payment reserve S\$'000	Accumulated losses S\$'000	
At Date of Incorporation / 30 May 2022	-	-	-	-	-	-	-	-
Total comprehensive loss for the period								
Loss for the period	-	-	-	-	-	-	(6,861)	(6,861)
Total comprehensive loss for the period	-	-	-	-	-	-	(6,861)	(6,861)
Transactions with owners, recorded directly in equity								
Contribution by and distribution to owners								
Issue of ordinary shares	#	-	-	-	-	-	-	#
Issue in restructuring^	234,230	(228,762)	-	-	-	48	-	5,516
Total contribution by and distribution to owners	234,230	(228,762)	-	-	-	48	-	5,516
At 31 December 2022	234,230	(228,762)	-	-	-	48	(6,861)	(1,345)

denote below S\$1,000

Note:

^On 29 July 2022, following the delisting of QT Vascular Ltd ("QTV"), 6,893,072,507 shares were allotted and issued by the Company on the basis of one share in the Company for every one share in QTV held by each entitled shareholder. The enlarged issued share capital of the Company following the allotment comprised 6,893,072,508 shares which was listed and quoted on the Catalist Board of SGX-ST on 29 July 2022.

The above issuance was part of the Group's restructuring plan as described in a circular to shareholders dated 1 June 2022. This restructuring exercise, which effected a change of the listed entity within the same shareholders, does not meet the definition of a business under SFRS(I) 3 Business Combinations. The company has elected to account for the issued shares at cost, which is determined to be the Group's share of total equity of QTV at the date of allotment and issuance of shares in the capital of the Company.

As there is no change in the Group's assets or liabilities as a result of the restructuring and there is no change in the interest of the shareholders of the company, either absolute or relative, as a result of the restructuring, the share capital recorded at the Group level did not change as a result of the restructuring.

CONDENSED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Company	Attributable to owners of the Company							Total equity S\$'000
	Ordinary shares S\$'000	Capital reserve S\$'000	Reserve for own shares S\$'000	Capital contribution S\$'000	Translation reserve S\$'000	Share-based payment reserve S\$'000	Accumulated losses S\$'000	
At 1 January 2023	234,230	(228,762)	-	-	-	48	(6,861)	(1,345)
Total comprehensive loss for the period								
Loss for the period	-	-	-	-	-	-	(1,460)	(1,460)
Total comprehensive loss for the period	-	-	-	-	-	-	(1,460)	(1,460)
Transactions with owners, recorded directly in equity								
Contribution by and distribution to owners								
Issue of ordinary shares	2,000	-	-	-	-	-	-	2,000
Total contribution by and distribution to owners	2,000	-	-	-	-	-	-	2,000
At 31 December 2023	236,230	(228,762)	-	-	-	48	(8,321)	(805)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Group Year ended	
	31 December 2023 (Unaudited) S\$'000	31 December 2022 (Restated) S\$'000
Cash flows from operating activities		
Loss before income tax	(3,419)	(8,916)
Adjustments for:		
- Depreciation of plant and equipment	191	101
- Depreciation of right-of-use assets	856	1,004
- Amortisation of intangible assets	287	229
- Impairment loss on goodwill	-	4,625
- Interest expenses	491	472
- Unrealised foreign exchange loss	21	519
- Provision for unutilised leaves	41	-
- Provision for reinstatement costs	67	-
	(1,465)	(1,966)
Change in:		
- Inventories	(5)	(32)
- Trade and other receivables	(1,263)	(449)
- Other non-current assets	(25)	243
- Trade and other payables	2,172	908
Cash used in operations	(586)	(1,296)
Income taxes paid	(54)	(15)
Net cash used in operating activities	(640)	(1,311)
Cash flows from investing activities		
Acquisition of plant and equipment	(298)	(926)
Acquisition of subsidiary, net of cash acquired	-	(2,725)
Acquisition of business, net of cash acquired	(1,804)	(1,257)
Net cash used in investing activities	(2,102)	(4,908)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	2,000	7,300
Proceeds from loans and borrowings	-	5,990
Repayment made to non-controlling interest	(1,383)	-
Repayment of loans and borrowings	(1,255)	(1,309)
Repayment of lease liabilities	(941)	(1,044)
Net cash (used in)/generated from financing activities	(1,579)	10,937
Net (decrease)/increase in cash and cash equivalents	(4,321)	4,718
Cash and cash equivalents at the beginning of year	5,065	344
Effect of exchange rate on cash and cash equivalents	-	3
Cash and cash equivalents at end of year	744	5,065

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These notes form an integral part of and should be read in conjunction with the consolidated financial statements.

1 General Information

Quantum Healthcare Limited (the “**Company**”) is a public limited liability company incorporated and domiciled in Singapore and whose shares are publicly traded on the Catalist board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). These condensed consolidated financial statements as at and for the six months and full year ended 31 December 2023 comprise the Company and its subsidiaries (collectively, the “**Group**”).

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are:

(i) Vascular Business

- (a) development, manufacturing and distribution of medical devices; and
- (b) support services to related corporations for the development, manufacturing and distribution of medical devices.

(ii) Healthcare Business

- (a) provision of dental services;
- (b) management consultancy services for healthcare organisation and dental services; and
- (c) research, develop and design of medical related products.

2 Basis of Preparation

The condensed financial statements for the six months and full year ended 31 December 2023 have been prepared in accordance with Singapore Financial Reporting Standard (International) (“**SFRS(I)**”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and the performance of the Group since the last annual financial statements for the year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.2.

The condensed financial statements are presented in Singapore Dollars which is the Company’s functional currency.

2.1 Going concern assumption

For the financial year ended 31 December 2023, the Group incurred a net loss and a total comprehensive loss of S\$3,519,000 (31 December 2022: S\$9,033,000) and S\$3,523,000 (31 December 2022: S\$9,033,000), respectively, and has net cash used in operating activities of S\$640,000 (31 December 2022: S\$1,311,000). As at 31 December 2023, the Group has a net current liabilities and deficit shareholders’ equity of S\$6,745,000 (31 December 2022: S\$1,058,000) and S\$3,027,000 (31 December 2022: S\$1,504,000), respectively, and the Company has a net current liabilities and deficit shareholders’ equity of S\$7,076,000 (31 December 2022: S\$6,355,000) and S\$805,000 (31 December 2022: S\$1,345,000), respectively.

2.1 Going concern assumption (cont'd)

The above conditions indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Group and the Company to continue as going concerns and therefore they may be unable to realize their assets and discharge their liabilities in the normal course of business.

Notwithstanding the above, the directors of the Company believe that the use of the going concern assumption in the preparation and presentation of the condensed consolidated financial statements for the financial year ended 31 December 2023 is appropriate after taking into account the following considerations:

- i. Board is of the view that the Group will have sufficient working capital for at least the next 12 months from the date of these condensed consolidated financial statements and will be able to meet its obligations as and when they fall due within such period based on the Group's cash flow forecast for the next 12 months, which has been prepared, *inter alia*, on the premises as further elaborated below.

In the preparation of the Group's cash flow forecast, no provision has been made for (a) payment of the final milestone payment of EUR 500,000 ("**Final Milestone Payment**") together with accrued interest thereon and the arbitration related costs of US\$119,875 ("**Arbitration Related Costs**") which, under the terms of the final award ("**Award**") in respect of the arbitration proceedings for the InnoRa Dispute ("**Arbitration**"), are due and payable by TriReme Singapore (S) Pte Ltd ("**TriReme Singapore**") and Quattro Vascular Pte Ltd ("**Quattro**") (collectively the "**Claimants**", and QTV, TriReme USA, TriReme Singapore and Quattro are collectively referred to as the "**QTV Group**") to InnoRa GmbH ("**InnoRa**") and (b) payment of the outstanding legal fees of approximately S\$ 3.1 million payable to the Claimants' legal counsels in connection with the Arbitration ("**Arbitration Legal Expenses**"), *inter alia*, for the following reasons:

- a. Under the Sub-Licence Agreement dated 28 August 2020 previously entered into between QT Vascular Limited ("**QTV**"), TriReme Medical LLC ("**TriReme USA**"), G Vascular Private Limited ("**G Vascular**") and Genesis Medtech International Private Limited ("**Genesis Medtech**", and together with G Vascular, the "**Genesis Group**"), G Vascular had agreed to make a one-time milestone payment of EUR 500,000 directly to InnoRa within 60 days after the receipt of the FDA approval for Chocolate Touch® ("**Product**") sold to G Vascular under the asset purchase agreement entered into between QTV, TriReme USA and the Genesis Group on 27 August 2020 ("**APA**"), which FDA approval was obtained on 4 November 2022. The Group will be liaising with G Vascular in relation to its obligation to pay InnoRa as aforesaid, and thereby satisfy the Claimants' obligation in respect of payment of the Final Milestone Payment.

2.1 Going concern assumption (cont'd)

- b. The Genesis Group had previously paid for or funded part of the legal fees incurred by Claimants in connection with the Arbitration and under a letter agreement entered into in or around October 2022 between the QTV Group and the Genesis Group, where it was agreed that such legal fees and other costs and expenses shall be advanced by the Genesis Group at its discretion in connection with the Arbitration which would be regarded as loans extended by the Genesis Group ("**Arbitration Loans**") and shall be repaid to the Genesis Group, inter alia, from any amounts which may be owing from the Genesis Group to any members of the QTV Group under the APA including any Specified Proceeds Payments or Sales Payments (both as defined under the APA).

It was also agreed that the Arbitration Loans would bear interest at the rate of 6% per annum as from 30 June 2023, and the Genesis Group shall not otherwise have any recourse against Claimants or the Company for repayment of the Arbitration Loans and/or accrued interest.

Please refer to paragraph 18 of this announcement and the Company's announcement dated 29 July 2023 for further details of the Arbitration and the Award.

- ii. Management will continue to implement comprehensive cost-cutting measures and does not expect the Group to have any significant operational commitments that will require significant cash outflow in the next 12 months other than those incurred in the ordinary course of business;
- iii. Following the receipt of the Company shareholders' approval at an extraordinary general meeting held on 8 February 2024 for a proposed share placement, the share placement has been completed on 15 February 2024 and the Company received a gross share placement proceeds of S\$800,000 which will be used for partial repayment to Dr. Jimmy arising from the acquisition of ADG Group;
- iv. In addition to iii. following the receipt of the Company shareholders' approval at an extraordinary general meeting held on 8 February 2024 for a proposed share settlement for liabilities owed by the Group to Dr. Jimmy, S\$300,000 of liabilities owe to Dr. Jimmy will be settled via share issuance to Dr. Jimmy, which will substantially reduce the cash requirement for the Group to repay aforementioned liabilities.
- v. The Group has diversified into the healthcare business, primarily the provision of dental services, which are profitable and generating positive cash flows for the Group. The Group's acquisition of 100% of the businesses of five (5) clinics, via ADG's subsidiaries, The Dental Hub Pte. Ltd, The Dental Hub (Jurong West) Pte Ltd and The Dental Hub (Canberra) Pte. Ltd during the financial year (please refer to Note 18 below for more details) has contributed positively to the Group's performance for the financial period ended 31 December 2023; and
- vi. Management continues to explore any potential for strategic initiatives with a view to generate new business opportunities and/or fund-raising exercises.

The above considerations are premised on future events which are inherently uncertain. In the event that the Group and the Company are unable to continue as going concerns, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are recorded in the statement of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. No such adjustments have been made to these condensed consolidated financial statements as at 31 December 2023.

2.2 New and amended standards adopted by the Group

The Group has adopted all the applicable new and revised SFRS(I) and Interpretations of SFRS(I) (“**INT SFRS(I)**”) that are relevant to its operations and effective for annual periods beginning on 1 January 2023. The adoption of these new and revised SFRS(I) and INT SFRS(I) did not result in any substantial change to the Group’s accounting policies or result in retrospective adjustments as a result of adopting those standards.

2.3 Use of judgement and estimates

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

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements for FY2022.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Management is of the opinion that there were no significant judgements made in applying the accounting policies in the condensed financial statements.

In particular, significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the condensed consolidated financial statements are:

Expected credit losses (“ECL”) on trade receivables

ECL are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group has used relevant historical information and loss experience to determine the probability of default of the instruments and incorporated forward-looking information, including significant changes in external market indicators which involved significant estimates and judgements.

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to these receivables in estimating the probability of default of each of other receivables.

Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately. No loss allowances on trade receivables are recognised by the Group for the financial period ended 31 December 2023.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use (“VIU”) of the cash-generating units (“CGUs”) to which goodwill has been allocated. The VIU calculations require the estimation of future cash flows that are expected to arise from the CGUs, discount rates and other variables. The key assumptions used in the estimation of the VIU including the sensitivity analysis are disclosed in Note 10.

The carrying amount of the Group’s goodwill and the impairment loss recognised as the reporting date are disclosed in Note 10.

Impairment test of investment in subsidiaries

Management reviews the Company’s investment in subsidiaries at each reporting date to determine whether there is any indication that the investment may be impaired. If any such indication exists, an impairment assessment will be performed accordingly. The recoverable amount of the investment is determined based on the VIU of the relevant CGU. The VIU calculation requires the estimation of future cash flows that are expected to arise from the CGUs, discount rates and other variables.

The carrying amount of the Company’s investment in subsidiaries and the allowance for impairment loss recognised at the reporting date are disclosed in Note 11.

3. Seasonal operations

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

4. Operating segments

Operating segments are defined as components of an enterprise that engage in business activities for which separate financial information is available and evaluated by the chief operating decision maker in deciding how to allocate resources and assessing performance. The Company’s chief operating decision maker is its CEO. The CEO reviews financial information presented on a consolidated basis, for purposes of allocating resources and evaluating financial performance. The Group’s reportable segments are (i) Vascular Business, (ii) Healthcare Business and (iii) Corporate. Please refer to Note 1 for principal activities of the subsidiaries.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (loss) before tax, as included in the internal management reports reviewed by the Company’s CEO. Segment profit (loss) is used to measure performance as management believes that such information is the most relevant in evaluation of the results of certain segments relative to other entities that operate within these industries.

4. Operating segments (cont'd)

Geographical segments

The Group operates principally in the Singapore and United States of America. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the non-current assets.

Information about reportable segments

	Reportable Segments				Corporate		Total	
	Vascular Business		Healthcare Business					
	2H2023	2H2022	2H2023	2H2022	2H2023	2H2022	2H2023	2H2022
	(Unaudited)	(Restated)	(Unaudited)	(Restated)	(Unaudited)	(Restated)	(Unaudited)	(Restated)
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group								
External revenues	-	-	6,785	5,249	-	-	6,785	5,249
Segment profit/(loss) before tax	(154)	(1,180)	230	275	(905)	(7,011)	(829)	(7,916)
Segment assets	-	6	6,584	8,053	181	1,578	6,765	9,637
Segment liabilities	(3,789)	(1,529)	(8,316)	(7,473)	(3,958)	(6,947)	(16,063)	(15,949)

	Reportable Segments				Corporate		Total	
	Vascular Business		Healthcare Business					
	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022
	(Unaudited)	(Restated)	(Unaudited)	(Restated)	(Unaudited)	(Restated)	(Unaudited)	(Restated)
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group								
External revenues	-	-	13,081	9,368	-	-	13,081	9,368
Segment profit/(loss) before tax	(2,326)	(1,512)	717	567	(1,810)	(7,971)	(3,419)	(8,916)
Segment assets	-	6	6,584	8,053	181	1,578	6,765	9,637
Segment liabilities	(3,789)	(1,529)	(8,316)	(7,473)	(3,958)	(6,947)	(16,063)	(15,949)

Geographical segments

The Group operates principally in Singapore after considering the de-consolidation of TriReme LLC which is an entity operating in United States of America.

5. Revenue from Contracts with Customers

Disaggregation of revenue from contract with customers

The Group's revenue is disaggregated by major product lines and timing of revenue recognition. This is consistent with the segment revenue information as disclosed in Note 4.

	6 months ended		12 months ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Type of good or services</u>				
Sale of services	6,785	5,249	13,081	9,368
<u>Timing of transfer of good or services</u>				
At a point in time	6,550	4,979	12,611	8,828
Over time	235	270	470	540

6. Loss before taxation

6.1 Significant items

	Group			
	6 months ended		12 months ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	(Unaudited)	(Restated)	(Unaudited)	(Restated)
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of plant and equipment	(103)	(78)	(191)	(101)
Depreciation of right-of-use assets	(384)	(558)	(856)	(1,004)
Amortisation of intangible assets	(172)	(229)	(287)	(229)
Impairment loss on goodwill	-	(4,625)	-	(4,625)

7. Net (Liability) Value

	Group		Company	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	(Unaudited)	(Restated)	(Unaudited)	(Restated)
	S\$	S\$	S\$	S\$
Net (liability) value per ordinary share ^{(1), (2)}	(0.00041)	(0.00022)	(0.00011)	(0.00020)

Notes:

- (1) The net liability value per ordinary share of the Group is calculated based on net liabilities of S\$3,027,000 as at 31 December 2023 (31 December 2022: net liabilities of S\$1,504,000). The net liability value per ordinary share of the Company is calculated based on net liabilities of S\$805,000 as at 31 December 2023 (31 December 2022: net liabilities of S\$1,345,000).
- (2) The net liability value per ordinary share for Group and Company were calculated based on 7,464,501,108 ordinary shares in issue as at 31 December 2023 and 6,893,072,508 ordinary shares in issue as at 31 December 2022.

8. Plant and equipment

	<u>Dental machinery</u> S\$'000	<u>Dental equipment and instrument</u> S\$'000	<u>Renovation</u> S\$'000	<u>Furniture, fixtures and office equipment</u> S\$'000	<u>Computer, network and software</u> S\$'000	<u>Machinery and equipment</u> S\$'000	<u>Motor vehicles</u> S\$'000	<u>Total</u> S\$'000
Group								
<u>Cost</u>								
At 1 January 2022	—	—	—	210	65	1,005	—	1,280
Additions due to acquisition	—	—	—	—	2	—	—	2
Additions	516	85	78	7	96	13	131	926
At 31 December 2022	516	85	78	217	163	1,018	131	2,208
Additions due to acquisition	—	101	—	2	12	—	—	115
Additions	90	169	5	10	24	—	—	298
At 31 December 2023	606	355	83	229	199	1,018	131	2,621
<u>Accumulated depreciation</u>								
At 1 January 2022	—	—	—	210	65	1,005	—	1,280
Depreciation for the year	28	8	13	1	24	3	24	101
At 31 December 2022	28	8	13	211	89	1,008	24	1,381
Depreciation for the year	55	35	26	5	38	5	26	190
At 31 December 2023	83	43	39	216	127	1,013	50	1,571
<u>Net book value</u>								
At 31 December 2022	488	77	65	6	74	10	107	827
At 31 December 2023	523	312	44	13	72	5	81	1,050

9. Intangible assets

Group	Intellectual property S\$'000	Developed technology in progress S\$'000	Customer relationship* S\$'000	Total S\$'000
<u>Cost</u>				
At 1 January 2022	501	1,922	–	2,423
Additions due to acquisition	–	–	917	917
As at 31 December 2022	501	1,922	917	3,340
Additions	–	–	313	313
As at 31 December 2023	501	1,922	1,230	3,653
<u>Accumulated amortisation and impairment loss</u>				
At 1 January 2022	501	1,922	–	2,423
Amortisation for the year	–	–	229	229
At 31 December 2022	501	1,922	229	2,652
Amortisation for the year	–	–	287	287
At 31 December 2023	501	1,922	516	2,939
<u>Net book value</u>				
At 31 December 2022	–	–	688	688
At 31 December 2023	–	–	714	714

* Arose from the acquisition of ADG Group and TDH Group.

10. Goodwill

	Group	
	<u>2023</u> S\$'000 (Unaudited)	<u>2022</u> S\$'000 (Audited)
At 1 January	4,120	–
Goodwill arising from acquisition of subsidiaries/business (as below)	1,437	8,745
Impairment loss on goodwill for acquisition of ADG Group	–	(4,625)
At 31 December	5,557	4,120

Impairment testing

For the purpose of impairment testing, goodwill has been allocated to the respective cash-generating unit (“CGU”) under the healthcare business operating segments as follows:

	Group	
	<u>2023</u> S\$'000 (Unaudited)	<u>2022</u> S\$'000 (Audited)
ADG Group (“ADG Group CGU”)	2,863	2,863
EDS Group (“EDS Group CGU”)	1,257	1,257
The Dental Hub Pte Ltd (“TDH Group CGU”)	1,239	–
The Dental Hub (Jurong West) Pte Ltd (“TDH JW CGU”)	198	–
	5,557	4,120

10. Goodwill (cont'd)

Impairment testing (cont'd)

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a 5-year period. The forecasted revenue growth rate, terminal growth rate and discount rate are set out below.

	<u>2023</u>	<u>2022</u>
Revenue growth rate	3.0%	2.8%
Terminal growth rate	2.0%	1.0%
Discount rate	11.0%	11.7%

In FY2023, no impairment loss was recognised in relation to the goodwill allocated to all CGUs.

In FY2022, an impairment loss of S\$4,625,000 was recognised in the profit or loss of the Group at the reporting date in relation to the goodwill allocated to ADG Group CGU, as the recoverable amount of ADG Group CGU was estimated to be less than its carrying amount. No impairment loss was recognised in relation to the goodwill allocated to EDS Group CGU.

11. Investment in subsidiaries

	Company
	31 December 2023
	2022
	(Unaudited)
	S\$'000
Unquoted equity shares, at cost	
- QT Vascular Ltd	5,516
- Asia Dental Group Pte. Ltd.	8,129
- Kairogenix Pte. Ltd.	#
- Quantum Healthcare Holdings Sdn. Bhd.	#
	13,645
Less: Allowance for impairment loss	
At 1 January	(6,072)
Additions	-
At 31 December	(6,072)
	7,573

Interest in subsidiaries with material non-controlling interests

The Group has the following subsidiaries that has material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests
		31 December 2023
		(Unaudited)
Asia Dental Group Pte Ltd ("ADG")	Singapore	60%
Kairogenix Pte Ltd ("Kairogenix")	Singapore	70%
Quantum Healthcare Holdings Sdn. Bhd. ("QHHSB")	Malaysia	60%

11. Investment in subsidiaries (cont'd)

	Profit / (Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	31 December 2023 (Unaudited) S\$'000	31 December 2022 (Restated) S\$'000	31 December 2023 (Unaudited) S\$'000	31 December 2022 (Restated) S\$'000
ADG and its subsidiaries	247	180	854	607
Kairogenix	(5)	(10)	(15)	(10)
Others	(2)	–	(2)	–
	240	170	837	597

12. Investment in associate

Name of associate	Place of incorporation and principal place of business	Proportion of ownership interests	
		31 December 2023 (Unaudited)	31 December 2022 (Restated)
TriReme Medical LLC ("TMI USA")*	United States of America	20.19%	20.19%

Note: *Following shareholders' approval for the purported dilution of QTV's shareholdings interest in TriReme USA from 50% plus one share to approximately 20.19% at an extraordinary general meeting convened on 8 February 2024, the Board has on 28 February 2024, after due and careful deliberations, decided and resolved that it would be in the interests of the Group to accept the purported dilution, particularly as any further uncertainty on the actual level of QTV's shareholding interest in TriReme USA would have an impact on the preparation of the unaudited and audited financial statements of the Company and Group for the financial year ended 31 December 2023.

13. Loans and borrowings

	Secured	
	31 December 2023 (Unaudited) S\$'000	31 December 2022 (Audited) S\$'000
Group		
Amount repayable within one year or less or on demand	1,361	1,309
Amount repayable after one year	3,201	4,238
	4,562	5,547

Details of loans and borrowings

Loan from a related party

The loan from a related party is secured by way of a share charge over the 60% shareholding in ADG. These 60% shares of ADG were transferred from QTV to the Company on 8 September 2022, and bears a fixed interest rate of 5.5% per annum. The disbursed loan amount was S\$2 million and is repayable in 42 monthly instalments commencing in April 2022. As at 31 December 2023, the outstanding loan amount was S\$1.5 million.

13. Loans and borrowings (cont'd)

Bank loans

Other than the aforementioned loan, the subsidiaries also entered into several loans arrangements with banks for total loan amount of S\$4.0 million which bears interest rate ranging between 4.75% - 6.5% p.a. and repayable over 48 - 60 months with starting from 1 July 2022 to 1 December 2022. These bank loans are secured through corporate guarantee by the Company for 60% of the loan amount and personal guarantee by Dr Jimmy Gian, the Chief Operating Officer (Dental) of the Company for 40% of the loan amount, in proportion to their respective shareholdings in ADG.

14. Trade and other payables

	Group		Company	
	31 December 2023 (Unaudited) US\$'000	31 December 2022 (Restated) US\$'000	31 December 2023 (Unaudited) US\$'000	31 December 2022 (Audited) US\$'000
Trade payables	1,111	1,338	146	167
Accrued payroll and other related costs	-	20	-	-
Accrued operating expenses	4,807	1,757	212	272
Other payables	403	1,062	-	-
Amount due to subsidiary	-	-	5,440	5,602
Amount due to related parties	17	-	-	-
	6,338	4,177	5,798	6,041

15. Share capital

	Group			
	31 December 2023		31 December 2022	
	Number of ordinary shares '000	S\$'000	Number of ordinary shares '000	S\$'000
Issued and fully paid:				
At 1 January	6,893,073	234,230	2,559,739	235,188
Effect of change in functional currency	-	-	-	(9,647)
Share issued pursuant to share placement	571,428	2,000	4,055,556	7,300
Shares issued pursuant to business combination	-	-	277,778	1,389
At 31 December	7,464,501	236,230	6,893,073	234,230

15. Share capital (cont'd)

	Company			
	31 December 2023		31 December 2022	
	Number of ordinary shares '000	S\$'000	Number of ordinary shares '000	S\$'000
Issued and fully paid:				
At 1 January / date of incorporation*	6,893,073	234,230	[^]	#
Shares issued pursuant to corporate restructuring	–	–	6,893,073	234,230
Share issued pursuant to share placement	571,428	2,000	–	–
At 31 December	<u>7,464,501</u>	<u>236,230</u>	<u>6,893,073</u>	<u>234,230</u>

The Group and Company does not hold any treasury shares and subsidiary holdings as at 31 December 2023 and 31 December 2022. As at 31 December 2023 and 30 June 2023, the issued and paid-up share capital excluding treasury shares of the Company comprised 7,464,501,108 ordinary shares (31 December 2022: 6,893,072,508 ordinary shares).

* The Company was incorporated on 30 May 2022.

[^] The number of shares issued at the date of incorporation was 1.

Less than S\$1,000.

16. Share-based Payment Arrangements

The Group has the following share-based payment arrangements:

Share option programme (equity-settled)

In September 2005 ("2005 Stock Plan"), November 2010 ("2010 Stock Plan") and September 2013 ("2013 Stock Plan"), QTV had established share option plans that entitle certain employees, directors and consultants to purchase ordinary shares in QTV. Further, in April 2014, QTV adopted the 2014 QTV Employee Share Option Scheme ("2014 Stock Plan") which had become effective upon the listing of QTV on the Catalist of the SGX-ST in April 2014.

As part of the corporate restructuring, all liabilities and obligations in connection with the outstanding share options ("Options") granted under QTV's 2005, 2010, 2013 and 2014 Stock Plans (collectively, the "Option Schemes") are assumed by the Company ("Options Variation"). The Options Variation do not involve any changes made to the terms of the share options granted or the rules of the Option Schemes except the outstanding Options will be exercisable into shares of the Company.

At 31 December 2023, the Option Schemes have 11 Option holders with 4,219,000 outstanding Options. Details of the outstanding Options are set out below.

<u>Options</u>	<u>Exercise price per share (S\$)</u>	<u>Options outstanding at 31 December 2023</u>	<u>Number of Option holders</u>	<u>Option period</u>
2014 Stock Option	0.095	4,219,000	11	Ten years from date of grant

The Company does not intend to issue additional Options under the Option Schemes.

16. Share-based Payment Arrangements (cont'd)

Restricted share awards (equity-settled)

The QT Vascular Restricted Share Plan 2015 ("Award Scheme") was adopted to allow QTV to grant share awards ("Awards") to employees and directors of the Company or its subsidiaries, including controlling shareholders and their associates.

As part of the corporate restructuring, all liabilities and obligations in connection with the outstanding Awards granted under the Award Scheme are assumed by the Company ("Awards Variation"). The Awards Variation do not involve any changes made to the terms of the Awards granted or the rules of the Award Scheme except the outstanding Awards shall be referenced to shares of the Company.

At 31 December 2023, the Award Scheme has 5 share awards holders with an aggregate of 1,091,544 outstanding Awards. The Company does not intend to grant additional Awards under the Award Scheme.

Maximum number of Shares that may be issued on conversion of all Outstanding Convertibles ("Maximum Issuable Shares")

	As at 31 December 2023	As at 31 December 2022
(A) Options		
Number of unexercised Options	4,219,000	12,715,160
Maximum number of shares that may be issued on exercise of all unexercised Options ("Maximum Issuable Option Shares")	4,219,000	12,715,160
Maximum Issuable Option Shares as a % of Company's issued share capital as at the end of the respective financial periods	0.06%	0.18%
(B) Share Awards		
Number of Share Awards granted but not yet vested ("Unvested Share Awards")	1,091,544	1,241,544
Total number of shares which are the subject of Unvested Share Awards ("Maximum Issuable Awards Shares")	1,091,544	1,241,544
Maximum Issuable Awards Shares as a % of Company's issued share capital as at the end of the respective financial periods	0.01%	0.02%
Maximum number of Shares that may be issued on conversion of all Outstanding Convertibles ("Maximum Issuable Shares")	5,310,544	13,956,704
Maximum Issuable Shares as a % of Company's issued share capital as at the end of the respective financial periods	0.07%	0.20%

17. Loss per share

Group	6 months ended		12 months ended	
	31/12/2023	31/12/2022 (Restated)	31/12/2023	31/12/2022 (Restated)
Loss for the period/year attributable to owners of the Company (S\$'000) used to compute:				
- Basic loss per share	(1,032)	(8,199)	(3,759)	(9,203)
- Diluted loss per share	(1,032)	(8,199)	(3,759)	(9,203)
Weighted average number of ordinary shares ('000) used to compute:				
- Basic loss per share	7,326,732	6,750,607	7,326,732	6,750,607
- Diluted loss per share	7,326,732	6,750,607	7,326,732	6,750,607
Loss per share (S\$)				
(a) Based on the weighted average number of ordinary shares	(0.0001)	(0.0012)	(0.0005)	(0.0014)
(b) On a fully diluted basis ⁽¹⁾	(0.0001)	(0.0012)	(0.0005)	(0.0014)

Note:

- (1) For the six and twelve months ended 31 December 2022 and 31 December 2023, the basic and diluted loss per share were the same as the outstanding options is anti-dilutive as the effect of the share conversions for any outstanding options would be to decrease the loss per share.

18. Acquisition of business and assets

(I) Acquisition of dental clinics under the Dental Hub Group ("TDH")

On 2 February 2023, ADG, a 60% owned subsidiary of the Group completed the acquisition of 100% of the businesses of three (3) clinics, via ADG's subsidiary, The Dental Hub Pte. Ltd., for a cash consideration of S\$1,650,000. TDH is principally engaged in the provision of dental healthcare related services. TDH is not publicly listed.

The investment in TDH will enable the Group to grow its Healthcare business and is expected to contribute to the Group's overall revenue and profitability.

Since the completion of acquisition on 2 February 2023 and up to 31 December 2023, TDH contributed revenue of approximately S\$2.3 million and profit of approximately S\$119,000 to the Group's results. If the acquisition had occurred on 1 January 2023, management estimates that the consolidated revenue would have been S\$2.5 million, and consolidated profit for the period would have been S\$130,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2023.

(A) Acquisition-related costs

The Group incurred acquisition-related costs of approximately S\$85,000 relating to professional fees. These costs have been included in 'administrative expenses' in the condensed consolidated statement of profit or loss and other comprehensive income.

18. Acquisition of business and assets (cont'd)

(B) Goodwill

	Group S\$'000
<u>Consideration for the acquisition of business</u>	
Consideration paid	1,650
Less: Identified net assets acquired at fair value	
- Net tangible assets	(98)
- Customer relationship	(313)
Goodwill arising on acquisition	<u>1,239</u>

(II) Acquisition of dental clinic under the Dental Hub (Jurong West) Pte Ltd ("TDHJW")

On 1 September 2023, ADG, a 60% owned subsidiary of the Group completed the acquisition of 100% of the businesses of Wow Dental Surgery, via ADG's newly incorporated subsidiary, The Dental Hub (Jurong West) Pte. Ltd., for a cash consideration of S\$250,000 with S\$180,000 upfront payment and S\$75,000 to be paid in two different tranches. The Fair value adjustment for this consideration is S\$6,000. TDHJW is principally engaged in the provision of dental healthcare related services. TDHJW is not publicly listed.

The acquisition of business by TDHJW will enable the Group to grow its Healthcare business and is expected to contribute to the Group's overall revenue and profitability.

(A) Acquisition-related costs

No acquisition-related costs were incurred for the acquisitions.

(B) Goodwill

	Group S\$'000
<u>Consideration for the acquisition of business</u>	
Consideration paid	250
Less: Fair value adjustment for Consideration	(6)
Less: Identified net tangible assets acquired at fair value	(46)
Goodwill arising on acquisition	<u>198</u>

(III) Acquisition of assets under the Dental Hub (Canberra) Pte Ltd ("TDHC")

On 2 October 2023, ADG, a 60% owned subsidiary of the Group completed the assets acquisition of Polygems Dental Care (Canberra) assets, via ADG's newly incorporated subsidiary, The Dental Hub (Canberra) Pte. Ltd., for a cash consideration of S\$200,000. TDHC is principally engaged in the provision of dental healthcare related services. TDHC is not publicly listed.

The assets acquisition by TDHC will enable the Group to grow its Healthcare business and is expected to contribute to the Group's overall revenue and profitability.

19. Legal proceedings

In August 2021, InnoRa, a licensor to TriReme USA, a subsidiary of the Group, was seeking to claim for an amount of (i) US\$1,200,000 in royalties, being 30% of the initial payment made to TriReme USA and QTV (collectively, the “**Sellers**”), under the APA between the Sellers and G Vascular (“**Purchaser**”) and Genesis MedTech in relation to the disposal of the Product limited to specified applications involving the peripheral vascular system by Sellers to the Purchaser as announced in 27 August 2020, as well as (ii) 30% of all future payments received by Sellers in connection with the aforesaid disposal (“**InnoRa Dispute**”).

In October 2021, Claimants, subsidiaries of the Group, filed for a demand for arbitration against InnoRa with the American Arbitration Association seeking declaratory judgements and certain damages from InnoRa. InnoRa had responded via counterclaims to claims made by Claimants in November 2021. Subsequently, in March 2022, Claimants responded to the statement of counterclaims made by InnoRa.

On 26 August 2022, InnoRa had filed a complaint with a state court in California involving allegations similar to those made in the InnoRa Dispute (“**Complaint**”). The Complaint made by InnoRa now includes QTV, TriReme USA, and the Genesis Group as parties to the Complaint (collectively, the “**Respondent**”).

On 13 January 2023, a case management conference was held by the State Court to discuss the status of the Complaint. Considering that Claimants has an arbitration hearing for the InnoRa Dispute scheduled in March 2023, of which the outcome of the arbitration will have the same effect for this Complaint, the State Court agreed for the case management conference to be deferred to 16 May 2023.

On 26 July 2023, Claimants have received the Award of the arbitration proceedings for the InnoRa Dispute. The key terms of the Award are summarized below:

- The Arbitrator appointed by American Arbitration Association International Centre for Dispute Resolution (“**Arbitrator**”) denied all claims made by either party, except for the payment of the Final Milestone Payment of EUR500,000 originally contracted to be paid by Claimants, which was due within 6 weeks of receipt of FDA approval for the Product. The Arbitrator also requires Claimants to accrue for a simple interest of 10% per annum from the due date of 16 December 2022 until the date the payment is made.
- The Arbitrator also ruled that InnoRa does not have any valid claims for royalties for any sales of the Product in the United States by Claimants or the Purchaser.
- Further, Claimants were not required to assign the Development and Licensing Agreement to Purchaser in conjunction with the entry of the APA.
- As InnoRa is the only party which obtained monetary relief for final milestone payment, Arbitrator ordered Claimants to reimburse InnoRa with the sum of US\$119,875, covering the administrative fees paid to American Arbitration Association (“**AAA**”), within 30 days of the receipt of the Award.
- Other than the reimbursement and final milestone payment, each party shall bear their respective legal fees and any other relevant costs incurred during the Arbitration.

For more information on the Award, please refer to the SGX announcement dated 29 July 2023.

With respect to the Complaint, the State Court granted QTV’s motion to compel arbitration on 24 April 2023. However, no demand for arbitration has been filed by InnoRa to date. Based on the Group’s US legal counsel’s advice, the Board of Directors of the Company are of the opinion that should InnoRa proceed with any demand for arbitration, the Respondents may object to the demand for arbitration on the ground that the arbitration is an attempt by InnoRa to reopen the InnoRa Dispute, despite the finality of the Award for the InnoRa Dispute.

20. Subsequent event

The Company has obtained shareholders' approval at an extraordinary general meeting convened on 8 February 2024 for the following matters:

- Proposed Placement of 400,000,000 new ordinary shares at S\$0.002 per share, and a Proposed Settlement Share Issuance of 150,000,000 new ordinary shares at S\$0.002 per share.
- Proposed change of auditors from Moore Stephens LLP to Mazars LLP
- Proposed ratification of the purported dilution of QTV's shareholdings interest in TriReme USA from 50% plus one share to approximately 20.19%.
- Proposed approval of possible future dilutions of QTV's shareholdings interest in TriReme USA

On 28 February 2024, the Board has, after due and careful deliberations, decided and resolved that it would be in the interests of the Group to accept the purported dilution of QTV's shareholdings interest in TriReme USA from 50% plus one share to approximately 20.19%, particularly as any further uncertainty on the actual level of QTV's shareholding interest in TriReme USA would have an impact on the preparation of the unaudited and audited financial statements of the Company and Group for the financial year ended 31 December 2023. In light of this decision, we present the result announcement along with the financials for FY2023 and FY2022 financials (restated) on a diluted basis.

Other than the above, there are no known subsequent events which have led to adjustments to this set of financial statements.

21. Prior period reclassification/adjustment

As announced by the Company on 28 February 2024, the Group has accepted the purported dilution of QTV's shareholdings interest in TriReme USA from 50% plus one share to approximately 20.19%. As the dilutions occurred during financial year ended 2022, prior year adjustment was effected to recognised the deconsolidation of TriReme USA from a subsidiary company to an associate company.

Other Information Required by Catalyst Rule Appendix 7C

A. Review

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

The Company's previous auditors for the financial year ended 31 December 2022 ("FY2022"), Moore Stephens LLP, had issued a disclaimer of opinion on the Group's financial statements for FY2022 as highlighted from pages 56 to 58 of the Company's Annual Report for FY2022.

Update on efforts to resolve accounting issue arising from the latest audited financial statements for FY2022

Efforts taken to resolve each outstanding audit issue are as follows:

(i) Consolidation of TriReme USA

On 8 February 2024, the Company obtained shareholders' approval at an extraordinary general meeting convened, for a Proposed ratification of the purported dilution of QTV's shareholdings interest in TriReme USA from 50% plus one share to approximately 20.19% and any possible future dilutions of QTV's shareholdings interest in TriReme USA. Post-dilution, TriReme USA will become an associated company of the Group and have minimal financial impact to the overall Group performance.

Please refer to the Company's announcement dated 28 February 2024 for details on the acceptance of dilution for TriReme USA.

(ii) Going concern assumption

Please refer to Note 2.1 for the steps taken by management to address the going concern assumption of the Group as at 31 December 2023.

The Board confirms that the impact of the outstanding audit issues on the financial statements has been adequately disclosed.

B. Review of performance of the Group

Condensed consolidated statement of profit or loss and other comprehensive income

FY2023 vs FY2022

The Group recorded revenue of S\$13,081,000 and cost of sales of S\$7,321,000 for the year ended 31 December 2023 ("FY2023"), which was mainly contributed by dental business under ADG Group.

In FY2023, the Group's loss before taxation decreased by S\$5,497,000 mainly due to the following reasons:

- Gross profit increased by S\$1,411,000 in FY2023, mainly attributed to contribution from revenue growth from ADG Group, particularly growth in newly acquired business i.e. EDC Group and acquisition of TDH Group;

- Decrease of S\$743,000 in research and development expenses as the milestone payment for InnoRa of S\$713,000 during FY2022 was one-off in nature;
- Decrease in impairment loss on goodwill of S\$4,625,000 from ADG goodwill impairment in FY2022 and loss from deemed disposal of subsidiary of S\$924,000 attributed to loss arising from deconsolidation of TriReme USA in FY2022;
- Increase in other income of S\$94,000 due to government grants; and
- Increase in administrative expenses by S\$2,260,000 in FY2023 mainly attributed to S\$2,300,000 legal fees for InnoRa legal case and increase in overall operation expenses resulting from acquisition of TDH clinics.

As a result of the above, the Group loss before taxation decreased from S\$8,916,000 in FY2022 to S\$3,419,000 for FY2023.

Condensed statements of financial position

Group	As at 31 December 2023 (Unaudited) S\$'000	As at 31 December 2022 (Restated) S\$'000	Change %
Non-current assets	9,316	7,667	21.5%
Current assets	3,720	6,778	(45.1%)
Total assets	<u>13,036</u>	<u>14,445</u>	(9.8%)
Total equity	(3,027)	(1,504)	>100%
Non-current liabilities	5,598	8,113	(31.0%)
Current liabilities	10,465	7,836	33.6%
Total liabilities	<u>16,063</u>	<u>15,949</u>	0.7%

Our non-current assets increased by S\$1,649,000 mainly due to:

- Goodwill on acquisition of S\$1,239,000 from TDH acquisition and S\$198,000 from TDHJW acquisition;
- Increase in plant and equipment of S\$223,000 due to purchase of plant and equipment after the acquisition of TDHJW, assets acquisition from TDHC and relevant depreciation for the year; and
- Decrease in right-of-use assets in relation to the office and clinics rental leases of S\$61,000 for ADG Group.

Our current assets decreased by S\$3,058,000 mainly due to:

- Decrease in cash and cash equivalents of S\$4,321,000 due to reasons presented in the cashflow analysis below; and
- Increase in trade and other receivables of S\$1,258,000 mainly due to increase in working capital requirement from ADG Group.

Our non-current liabilities decreased by S\$2,515,000 mainly due to:

- Decrease in loans and borrowings of approximately S\$1,037,000 due to repayments made;
- Decrease in amounts due to non-controlling interests of approximately S\$1,249,000 due to repayment made in January 2023 for first tranche payment of ADG acquisition ; and
- Decrease in lease liabilities due to Group's rental leases of approximately S\$332,000.

Our current liabilities increased by S\$2,629,000 mainly due to:

- (i) Increase in trade and other payables of S\$2,161,000 mainly attributed to increase in legal fees payable incurred for InnoRa Dispute; and
- (ii) Increase in lease liabilities due to the Group's rental leases of approximately S\$270,000.

The Group has undertaken the following steps to address the Group's negative working capital of S\$6,745,000 as at 31 December 2023:

- (i) Reasons stated in going concern note in 2.1 above;
- (ii) The Company believes that it will be able to raise funds from various parties as and when required, e.g. completion of the recent placement of Company on 15 February 2024; and
- (iii) The Board has critically assessed the cash flow forecasts of the Group for the next twelve months and concluded that there will be sufficient cash flows and resources to allow the Group to continue its operations and meet its obligations for the foreseeable future.

Based on the foregoing, the Board confirms that the Group will be able to meet its short-term debt obligations when they fall due based on the implementation of the aforementioned steps and continue to operate as a going concern and confirmed that all material disclosures have been provided for trading of the Company's shares to continue in an orderly manner.

Condensed consolidated statement of cash flows

The Group recorded cash outflows from operating activities of approximately S\$640,000 in FY2023 was mainly due to:

- (i) Operation loss before income tax after non-cash adjustments of S\$1,465,000;
- (ii) Decrease in changes in trade and other receivables recorded approximately S\$1,263,000;
- (iii) Tax payment of S\$54,000; and
- (iv) Offset by increase in changes in trade and other payables for approximately S\$2,172,000 mainly attributed to the increase legal fees payables of S\$2,300,000.

Net cash used in investing activities for FY2023 of approximately S\$2,102,000 was mainly due to:

- (i) Purchase of plant and equipment of approximately S\$298,000; and
- (ii) Acquisition of business of TDH clinics and TDHJW clinic amounted to S\$1,804,000.

Net cash used in financing activities for FY2023 of approximately S\$1,579,000 was mainly due to:

- (i) Proceeds from the share placement of S\$2,000,000;
- (ii) Repayment to non-controlling interest for first instalment payment of S\$1,383,000;
- (iii) Repayment of loan borrowings of S\$1,255,000; and
- (iv) Repayment of lease liabilities of S\$941,000.

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

Not applicable. No forecast or prospect statement had been issued for the current financial reporting period.

D. 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.

Barring any unforeseen circumstances, there are no known significant changes in the trends and competitive conditions of the industry in which the Group operates and no other major known factors or events that may adversely affect the Group in the next 12 months.

The Company continues to actively explore various strategic options, fund raising opportunities and is continuously explore potential acquisition of dental business to grow its healthcare business.

E. Dividend information

(1) IF A DECISION REGARDING DIVIDEND HAS BEEN MADE:

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

No dividends have been declared or recommended for the current reporting year.

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

Not applicable.

(ii) Previous corresponding period (cents)

Not applicable.

(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 the shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) Books closure date

Not applicable.

(2) IF NO DIVIDEND HAS BEEN DECLARED/RECOMMENDED, A STATEMENT TO THAT EFFECT AND THE REASON(S) FOR THE DECISION

No dividends have been declared or recommended for the current reporting year as the Company is currently in a loss-making position.

F. Interested person transactions

There were no interested persons transactions which are S\$100,000 or more entered into during the current financial year reported on. The Group does not have a general mandate for recurrent interested persons transactions.

G. Use of proceeds from share subscription

On 28 March 2023, the Company announced the completion of the placement of 571,428,600 new ordinary shares of the Company at the issue price of S\$0.0035 per share, which took place on 29 March 2023. The estimated net proceeds is approximately S\$1.9 million ("**March 2023 Placement Net Proceeds**")

As at the date of this announcement, the March 2023 Placement Net Proceeds have been fully utilized.

On 8 February 2024, the Company announced the completion of the placement of 400,000,000 new ordinary shares and settlement share issuance of 150,000,000 new ordinary shares at the issue price of S\$0.002 per share. The estimated net cash proceeds is approximately S\$740,000 ("**February 2024 Placement Net Proceeds**") which will be used for partial payment of the remaining balance of S\$1,083,000 of second tranche earn-out amount payable to Dr. Jimmy.

As at the date of this announcement, the February 2024 Placement Net Proceeds have been fully utilized.

The above utilizations are in accordance with the intended use of proceeds as stated in the Company's circular dated 11 March 2023 and 8 February 2024.

H. Disclosures on incorporation, acquisition and realization of shares pursuant to Catalyst Rule 706A

Save as disclosed in Note 18 above, the Company did not acquire or dispose of any shares resulting in any of the prescribed situations under Rule 706A during FY2023.

During FY2023 and as at the date of this report, the Company had incorporated the following subsidiaries, details of which are set out in the table below:

Name of Entity	Date of Incorporation	Country of Incorporation	% Held by the Group	Paid-Up Capital	Principal Activity
Quantum Healthcare Holdings Sdn Bhd	7 February 2023	Malaysia	60	RM100 (approximately S\$30)	Dormant
Quantum Specialist Sdn Bhd	27 February 2023	Malaysia	60	RM100 (approximately S\$30)	Dormant
The Dental Hub (Jurong West) Pte Ltd.*	1 September 2023	Singapore	60	S\$1,000	Dental
The Dental Hub (Canberra) Pte. Ltd.*	2 October 2023	Singapore	60	S\$1,000	Dental

* These entities were incorporated by the Company's 60% owned subsidiary, Asia Dental Group Pte Ltd. and are wholly owned by Asia Dental Group Pte Ltd.

The above incorporations were funded through internal resources.

Please refer to the announcement by Company on 28 February 2024 where the Group has accepted the purported dilution of QTV's shareholdings interest in TriReme USA from 50% plus one share to approximately 20.19%.

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

Please refer to review of performance of the Group above.

J. A breakdown of sales

	Group		
	Year ended		
	31 December 2023	31 December 2022	Increase / (Decrease)
	S\$'000	S\$'000	%
(a) Sales reported for the first half year	6,296	4,119	52.9%
(b) Operating loss after tax before deducting non-controlling interests reported for first half year	(2,635)	(1,050)	>100%
(c) Sales reported for the second half year	6,785	5,249	29.3%
(d) Operating loss after tax before deducting non-controlling interests reported for second half year	(884)	(7,983)	(88.9%)

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

Not applicable. No dividend has been declared or recommended for the financial years ended 31 December 2023 and 31 December 2022.

L. 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(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(10) of the Listing Manual Section B: Rules of Catalist of the SGX-ST, none of the employees occupying managerial positions in Quantum Healthcare Limited (the "Company") or any of its principal subsidiaries are relatives of the Directors or Chief Executive Officer or Substantial Shareholders of the Company.

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

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Catalist Rule 720(1) of the Catalist Listing Manual.

By order of the Board of Directors

Thomas Tan Gim Chua
Executive Director and Chief Executive Officer

Singapore
29 February 2024

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. ("Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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