



Company Registration No. 200503187W

**Singapore Medical Group Limited and
its Subsidiaries**

Unaudited Interim Condensed Financial Statements
For the six-month financial period ended 30 June 2022

Singapore Medical Group Limited and its Subsidiaries

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Singapore Medical Group Limited and its Subsidiaries

**Interim condensed consolidated statement of comprehensive income
For the six-month financial period ended 30 June 2022**

		Group		Increase/ (decrease)
	Note	30.6.2022	30.6.2021	%
		\$'000	\$'000	
Revenue	4	54,099	49,682	8.9
Cost of sales		(31,584)	(27,405)	15.2
Gross profit		22,515	22,277	1.1
Finance income		16	19	(15.8)
Other income		74	35	111.4
Distribution and selling expenses		(1,830)	(1,763)	3.8
Administrative expenses		(13,416)	(11,561)	16.0
Finance expenses		(229)	(292)	(21.6)
Share of results of joint ventures and associates		806	229	252.0
Profit before tax	5	7,936	8,944	(11.3)
Income tax expense	7	(1,160)	(1,217)	(4.7)
Profit for the period		6,776	7,727	(12.3)
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences		449	(129)	N.M
		449	(129)	N.M
<i>Items that will not be reclassified to profit or loss</i>				
Net loss on equity instrument designated at fair value through other comprehensive income ("FVOCI")		-	(584)	(100.0)
		-	(584)	(100.0)
Other comprehensive income for the period, net of tax		449	(713)	N.M
Total comprehensive income for the period		7,225	7,014	3.0
Profit attributable to:				
Owners of the Company		6,266	7,190	(12.9)
Non-controlling interests		510	537	(5.0)
		6,776	7,727	(12.3)
Total comprehensive income attributable to:				
Owners of the Company		6,715	6,477	3.7
Non-controlling interests		510	537	(5.0)
		7,225	7,014	3.0
Earnings per share attributable to owners of the Company (cents per share)				
Basic	8	1.29	1.49	
Diluted	8	1.29	1.49	

N.M: Not meaningful

The accompanying accounting policies and explanatory notes form an integral part of the interim condensed financial statements.

Singapore Medical Group Limited and its Subsidiaries

**Interim condensed balance sheets
As at 30 June 2022**

		Group		Company	
	Note	30.6.2022	31.12.2021	30.6.2022	31.12.2021
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	8,824	9,296	294	544
Intangible assets	11	123,810	123,976	45	98
Right-of-use assets		9,698	10,343	5,334	5,761
Investment in subsidiaries		-	-	140,215	142,670
Investment in joint ventures		3,142	2,249	1,876	1,376
Investment in associates		18,399	17,537	11,285	11,285
Other receivables		1,741	1,639	937	850
Deferred tax assets		804	829	384	384
		<u>166,418</u>	<u>165,869</u>	<u>160,370</u>	<u>162,968</u>
Current assets					
Inventories		2,218	1,961	-	-
Trade receivables		6,733	5,968	-	-
Prepayments		1,383	895	351	60
Other receivables		564	526	79	76
Due from related companies		-	-	15,194	15,645
Cash and bank balances		27,192	26,618	2,246	2,521
		<u>38,090</u>	<u>35,968</u>	<u>17,870</u>	<u>18,302</u>
Total assets		<u>204,508</u>	<u>201,837</u>	<u>178,240</u>	<u>181,270</u>
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables		2,377	2,075	2	2
Other payables and accruals		13,567	12,608	819	929
Contract liabilities		3,453	3,196	-	-
Due to related companies		-	-	10,277	9,633
Lease liabilities		4,874	4,804	3,009	2,755
Loans and borrowings		617	1,494	617	817
Income tax payable		2,053	2,294	-	-
		<u>26,941</u>	<u>26,471</u>	<u>14,724</u>	<u>14,136</u>
Net current assets		<u>11,149</u>	<u>9,497</u>	<u>3,146</u>	<u>4,166</u>
Non-current liabilities					
Other payables and accruals		408	408	212	212
Due to related companies		-	-	4,986	3,468
Lease liabilities		5,235	5,700	2,509	3,169
Loans and borrowings		1,981	2,188	1,981	2,188
Deferred tax liabilities		651	532	-	-
		<u>8,275</u>	<u>8,828</u>	<u>9,688</u>	<u>9,037</u>
Total liabilities		<u>35,216</u>	<u>35,299</u>	<u>24,412</u>	<u>23,173</u>
Net assets		<u>169,292</u>	<u>166,538</u>	<u>153,828</u>	<u>158,097</u>

Singapore Medical Group Limited and its Subsidiaries

**Interim condensed balance sheets
As at 30 June 2022**

	Note	Group		Company	
		30.6.2022	31.12.2021	30.6.2022	31.12.2021
		\$'000	\$'000	\$'000	\$'000
Equity attributable to owners of the Company					
Share capital	14	121,028	121,028	121,028	121,028
Treasury shares	15	(50)	(50)	(50)	(50)
Retained earnings		48,777	46,741	32,063	36,266
Share option reserve		787	853	787	853
Foreign currency translation reserve		(174)	(623)	-	-
		170,368	167,949	153,828	158,097
Non-controlling interests		(1,076)	(1,411)	-	-
Total equity		169,292	166,538	153,828	158,097
Total equity and liabilities		204,508	201,837	178,240	181,270

The accompanying accounting policies and explanatory notes form an integral part of the interim condensed financial statements.

Singapore Medical Group Limited and its Subsidiaries

**Interim condensed statements of changes in equity
For the six-month financial period ended 30 June 2022**

Group	Attributable to owners of the Company					Non-controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Share option reserve \$'000	Foreign currency translation reserve \$'000	Total \$'000	
2022							
At 1 January 2022	121,028	(50)	46,741	853	(623)	167,949	166,538
Profit for the period	-	-	6,266	-	-	6,266	6,776
<u>Other comprehensive income</u>							
Foreign currency translation differences	-	-	-	-	449	449	449
Other comprehensive income for the period, net of tax	-	-	-	-	449	449	449
Total comprehensive income for the period	-	-	6,266	-	449	6,715	7,225
<u>Contributions by and distributions to owners</u>							
Share-based payment transactions	-	-	-	81	-	81	81
Dividends on ordinary shares (Note 17)	-	-	(4,377)	-	-	(4,377)	(4,377)
Dividends paid by subsidiaries	-	-	-	-	-	(175)	(175)
Total contributions by and distributions to owners	-	-	(4,377)	81	-	(4,296)	(4,471)
Total transactions with owners in their capacity as owners	-	-	(4,377)	81	-	(4,296)	(4,471)
<u>Others</u>							
Expiry of employee share options	-	-	147	(147)	-	-	-
Total others	-	-	147	(147)	-	-	-
At 30 June 2022	121,028	(50)	48,777	787	(174)	170,368	169,292

Singapore Medical Group Limited and its Subsidiaries

**Interim condensed statements of changes in equity
For the six-month financial period ended 30 June 2022**

Group	Attributable to owners of the Company						Non-controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Share option reserve \$'000	Foreign currency translation reserve \$'000	Fair value reserve \$'000		
2021								
At 1 January 2021	119,838	(89)	32,304	939	(261)	1,353	(573)	153,511
Profit for the period	-	-	7,190	-	-	-	537	7,727
<u>Other comprehensive income</u>								
Foreign currency translation differences	-	-	-	-	(129)	-	-	(129)
Fair value gain on equity instrument designated at FVOCI	-	-	-	-	-	(584)	-	(584)
Other comprehensive income for the period, net of tax	-	-	-	-	(129)	(584)	-	(713)
Total comprehensive income for the period	-	-	7,190	-	(129)	(584)	537	7,014
<u>Contributions by and distributions to owners</u>								
Treasury shares re-issued pursuant to SMG Share Plan	50	39	-	(89)	-	-	-	-
Share-based payment transactions	-	-	-	130	-	-	-	130
Dividends on ordinary shares (Note 17)	-	-	(1,930)	-	-	-	-	(1,930)
Dividends paid by subsidiaries	-	-	-	-	-	-	(160)	(160)
Total contributions by and distributions to owners	50	39	(1,930)	41	-	-	(160)	(1,960)
<u>Changes in ownership interests in subsidiaries</u>								
Dilution of interests in subsidiary without a change in control	-	-	(47)	-	-	-	47	-
Total changes in ownership interests in subsidiary	-	-	(47)	-	-	-	47	-
Total transactions with owners in their capacity as owners	50	39	(1,977)	41	-	-	(113)	(1,960)
At 30 June 2021	119,888	(50)	37,517	980	(390)	769	(149)	158,565

Singapore Medical Group Limited and its Subsidiaries

**Interim condensed statements of changes in equity
For the six-month financial period ended 30 June 2022**

Company	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Share option reserve \$'000	Fair value reserve \$'000	Total \$'000
2022						
At 1 January 2022	121,028	(50)	36,266	853	-	158,097
Profit for the period	-	-	27	-	-	27
<u>Contributions by and distributions to owners</u>						
Share-based payment transactions	-	-	-	81	-	81
Dividends on ordinary shares (Note 17)	-	-	(4,377)	-	-	(4,377)
Total transactions with owners in their capacity as owners	-	-	(4,377)	81	-	(4,296)
<u>Others</u>						
Expiry of employee share options	-	-	147	(147)	-	-
Total others	-	-	147	(147)	-	-
At 30 June 2022	121,028	(50)	32,063	787	-	153,828
2021						
At 1 January 2021	119,838	(89)	23,168	939	1,353	145,209
Profit for the period	-	-	3,881	-	-	3,881
<u>Other comprehensive income</u>						
Fair value gain on equity instrument designated at FVOCI	-	-	-	-	(584)	(584)
Other comprehensive income for the period, net of tax	-	-	-	-	(584)	(584)
Total comprehensive income for the period	-	-	3,881	-	(584)	3,297
<u>Contributions by and distributions to owners</u>						
Treasury shares re-issued pursuant to SMG Share Plan	50	39	-	(89)	-	-
Share-based payment transactions	-	-	-	130	-	130
Dividends on ordinary shares (Note 17)	-	-	(1,930)	-	-	(1,930)
Total transactions with owners in their capacity as owners	50	39	(1,930)	41	-	(1,800)
At 30 June 2021	119,888	(50)	25,119	980	769	146,706

The accompanying accounting policies and explanatory notes form an integral part of the interim condensed financial statements.

Singapore Medical Group Limited and its Subsidiaries

**Interim condensed consolidated cash flow statement
For the six-month financial period ended 30 June 2022**

	Group	
	30.6.2022	30.6.2021
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	7,936	8,944
Adjustments for:		
Depreciation of property, plant and equipment	1,634	1,486
Depreciation of right-of-use assets	2,934	2,899
Amortisation of intangible assets	181	187
Share-based compensation expense	81	130
Reversal of provision for expected credit loss on trade receivables	-	(11)
Bad debts written off	2	6
Interest income	(16)	(19)
Interest expenses	229	279
Amortisation of loan costs	-	13
Loss/(gain) on disposal of property, plant and equipment	3	(3)
Share of results of joint ventures and associates	(806)	(229)
Total adjustments	4,242	4,738
Operating cash inflows before changes in working capital	12,178	13,682
Changes in working capital:		
(Increase)/decrease in:		
Inventories	(256)	(36)
Trade and other receivables	(908)	366
Prepayments	(488)	(497)
Increase/(decrease) in:		
Trade payables	302	96
Contract liabilities, other payables and accruals	808	(1,881)
Total changes in working capital	(542)	(1,952)
Cash flows generated from operations	11,636	11,730
Interest received	16	19
Interest paid	(226)	(278)
Income tax paid	(1,257)	(1,671)
Net cash flows from operating activities	10,169	9,800
Cash flows from investing activities		
Purchase of property, plant and equipment	(987)	(2,858)
Purchase of intangible assets	(15)	(354)
Proceeds from disposal of property, plant and equipment	-	18
Investment in joint ventures	(500)	-
Net cash flows used in investing activities	(1,502)	(3,194)

Singapore Medical Group Limited and its Subsidiaries

**Interim condensed consolidated cash flow statement
For the six-month financial period ended 30 June 2022**

	Group	
	30.6.2022	30.6.2021
	\$'000	\$'000
Cash flows from financing activities		
Dividends paid	(4,377)	(1,930)
Dividends paid to non-controlling interests	(175)	(160)
Repayment of loans and borrowings	(1,082)	(2,825)
Payment of principal portion of lease liabilities	(2,459)	(2,649)
Net cash flows used in financing activities	(8,093)	(7,564)
Net increase/(decrease) in cash and cash equivalents	574	(958)
Cash and cash equivalents at beginning of financial period	26,618	25,623
Cash and cash equivalents at end of financial period	27,192	24,665

The accompanying accounting policies and explanatory notes form an integral part of the interim condensed financial statements.

Singapore Medical Group Limited and its Subsidiaries

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

1. Corporate information

Singapore Medical Group Limited (the "**Company**") is a limited liability company incorporated and domiciled in Singapore and listed on the official list of SGX-Catalist. These interim condensed financial statements as at and for the six-month financial period ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the "**Group**").

The principal activities of the Company are those relating to the operation of medical clinics, provision of general medical services and investment holding. The principal activities of the Group are:

- (a) Operation of medical clinics and provision of specialist medical services including obstetrics and gynaecology, oncology, paediatrics, radiology, aesthetics, LASIK and general ophthalmology, dentistry, cardiology, breast care, urology and endocrinology, and general medicine and health screening services; and
- (b) Investment holding.

2. Basis of preparation

The interim condensed financial statements for the six-month financial period ended 30 June 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)**") 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The interim 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 performance of the Group since the last annual financial statements for the financial year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The interim condensed financial statements are presented in Singapore Dollars ("**SGD**" or "**\$**"), which is the Company's functional currency, and all values are rounded to the nearest thousand ("**\$'000**") except when otherwise indicated.

2.1 *New and amended standards adopted by the Group*

A number of amendments to standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 *Use of judgements and estimates*

In preparing the interim condensed 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 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 financial year ended 31 December 2021.

Singapore Medical Group Limited and its Subsidiaries

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

2. Basis of preparation (cont'd)

2.2 Use of judgements and estimates (cont'd)

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.

There were no significant judgements made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next interim period.

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

- Note 11: Impairment testing of goodwill - Key assumptions underlying recoverable amounts

3. Seasonal operations

The Group's businesses within both the Health and Diagnostic and Aesthetics business segments are widely diversified across a broad range of multidisciplinary medical specialties. Accordingly, the Group is able to negate the impact from seasonality as seasonal declines within a particular business segment would be offset by an increase in demand for other business segments. As a result, the Group was not materially affected by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group is organised into the following business segments:

- (a) The Health Business comprises: (a) Obstetrical and gynaecological services caters to the wellness of women for every momentous stage of life; (b) Oncology services including the prevention, diagnosis and treatment of cancer, cancer screening and cancer genetic and risk assessment; (c) Paediatrics services; (d) General medicine and health screening services; (e) Cardiology services; (f) Urology services; and (g) Endocrinology services.;
- (b) The Diagnostic and Aesthetics Business comprises: (a) Radiology and diagnostic imaging services; (b) Refractive surgery services; (c) Dental services including general dental services, prosthodontics, orthodontics, implant dentistry, oral surgery and gum treatment; and (d) Aesthetics medicine services which offer an extensive range of evidence-based healthcare services related to the improvement of physical appearances. These services include facial aesthetics, body aesthetics, facial and breast fillers, IPL, lasers, Botox, microdermabrasion minimally invasive Silhouette threadlift, VASER-assisted LipoSelection and plastic surgery; and
- (c) The Others segment comprises group-level corporate services as well as business consultancy functions and telemedicine services.

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

4. Segment and revenue information (cont'd)

These operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (“**CODM**”), Chief Executive Officer (“**CEO**”), who are responsible for allocating resources and assessing performance of the operating segments. Certain expenses, other income and income taxes are managed on a group basis and are not allocated to operating segments.

Based on the management reporting to the CODM, the segment assets and liabilities are not regularly provided for their review of the financial performance. Therefore, the segment assets and liabilities amounts are not disclosed in the segment information.

(a) Reportable segment

	Health \$'000	Diagnostic and Aesthetics \$'000	Others \$'000	Adjustments and eliminations \$'000	Total \$'000
30.6.2022					
Revenue:					
External customers	32,645	21,262	192	-	54,099
Inter-segment	148	819	282	(1,249)	-
Total revenue	32,793	22,081	474	(1,249)	54,099
Segment results:					
Segment gross profit ¹	11,393	10,864	412	(154)	22,515
Depreciation of property, plant and equipment	(401)	(962)	(271)	-	(1,634)
Depreciation of right-of-use assets (not included in segment gross profit)	-	(33)	-	-	(33)
Amortisation of intangible assets	(10)	(53)	(118)	-	(181)
Loss on disposal of property, plant and equipment	(3)	-	-	-	(3)
Share-based compensation expense	-	-	(81)	-	(81)
Bad debt written off	(2)	-	-	-	(2)
Finance income	-	-	16	-	16
Interest expenses	(25)	(57)	(147)	-	(229)
Share of results of joint ventures and associates	85	721	-	-	806
Unallocated expenses					(13,238)
Profit before tax					7,936

Singapore Medical Group Limited and its Subsidiaries

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

4. Segment and revenue information (cont'd)

(a) Reportable segment (cont'd)

	Health \$'000	Diagnostic and Aesthetics \$'000	Others \$'000	Adjustments and eliminations \$'000	Total \$'000
30.6.2021					
Revenue:					
External customers	30,509	19,125	48	-	49,682
Inter-segment	4	696	277	(977)	-
Total revenue	30,513	19,821	325	(977)	49,682
Segment results:					
Segment gross profit ¹	12,387	9,746	302	(158)	22,277
Depreciation of property, plant and equipment	(462)	(807)	(217)	-	(1,486)
Depreciation of right-of-use assets (not included in segment gross profit)	-	(165)	(63)	-	(228)
Amortisation of intangible assets	(7)	(56)	(124)	-	(187)
Gain on disposal of property, plant and equipment	3	-	-	-	3
Share-based compensation expense	-	-	(130)	-	(130)
Reversal of provision for expected credit loss on trade receivables	10	1	-	-	11
Bad debt written off	(3)	(3)	-	-	(6)
Finance income	-	-	19	-	19
Interest expenses	(94)	(35)	(150)	-	(279)
Amortisation of loan costs	(13)	-	-	-	(13)
Share of results of joint ventures and associates	(140)	369	-	-	229
Unallocated expenses					(11,266)
Profit before tax					8,944

¹ Included in segment gross profit is depreciation of right-of-use assets of \$2,901,000 (30.6.2021: \$2,671,000) of which \$640,000 (30.6.2021: \$583,000), \$735,000 (30.6.2021: \$708,000) and \$1,526,000 (30.6.2021: \$1,380,000) are allocated to Health Business, Diagnostic and Aesthetics Business and Others segment respectively.

Geographical information

The Group mainly derives its revenue from Singapore, except for its share of results from joint ventures and associates located in foreign jurisdictions of \$1,121,000 (30.6.2021: \$480,000) profits and \$Nil (30.6.2021: \$237,000) losses respectively.

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

4. Segment and revenue information (cont'd)

(a) Reportable segment (cont'd)

Geographical information (cont'd)

The share of results from joint ventures and associates based on geographical location are as follows:

	Group	
	30.6.2022	30.6.2021
	\$'000	\$'000
<i>Share of (losses)/profits from joint ventures:</i>		
Singapore	(277)	-
Indonesia	721	369
Vietnam	-	(237)
Total net share of profits from joint ventures	<u>444</u>	<u>132</u>
<i>Share of (losses)/profits from associates:</i>		
Singapore	(38)	(14)
Vietnam	205	-
Australia	195	111
Total net share of profits from associates	<u>362</u>	<u>97</u>
Total net share of profits from joint ventures and associates	<u>806</u>	<u>229</u>

Singapore Medical Group Limited and its Subsidiaries

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

4. Segment and revenue information (cont'd)

(b) *Disaggregation of revenue*

Segments	Health		Diagnostic and Aesthetics		Others		Total	
	30.6.2022 \$'000	30.6.2021 \$'000	30.6.2022 \$'000	30.6.2021 \$'000	30.6.2022 \$'000	30.6.2021 \$'000	30.6.2022 \$'000	30.6.2021 \$'000
<u>Type of good or service</u>								
Rendering of services	21,143	20,222	19,950	17,858	192	48	41,285	38,128
Sale of medicine and related products	11,502	10,287	1,312	1,267	-	-	12,814	11,554
Total revenue	32,645	30,509	21,262	19,125	192	48	54,099	49,682
<u>Timing of transfer of good or service</u>								
At a point in time	32,645	30,509	19,369	17,484	167	35	52,181	48,028
Over time	-	-	1,893	1,641	25	13	1,918	1,654
Total revenue	32,645	30,509	21,262	19,125	192	48	54,099	49,682

Revenue from transfer of good or service is attributed to Singapore.

Singapore Medical Group Limited and its Subsidiaries**Notes to the interim condensed financial statements
For the six-month financial period ended 30 June 2022****5. Profit before tax**

The following items have been included in arriving at profit before tax:

	Group	
	30.6.2022	30.6.2021
	\$'000	\$'000
Depreciation of property, plant and equipment	1,634	1,486
Depreciation of right-of-use assets	2,934	2,899
Amortisation of intangible assets	181	187
Loss/(gain) on disposal of property, plant and equipment	3	(3)
Lease expenses	202	186
Reversal of provision for expected credit loss on financial assets:		
- trade receivables	-	(11)
Bad debts written off	2	6
Personnel expenses	19,641	16,808
Interest expense on:		
- loans and borrowings	20	111
- lease liabilities	209	168
Amortisation of loan costs	-	13

6. Related party transactions

In addition to the related party information disclosed elsewhere in the interim condensed financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial period:

	Group	
	30.6.2022	30.6.2021
	\$'000	\$'000
Rental paid to companies related to directors	170	173
Professional fees paid to companies related to directors	101	179
Management fee from associate	25	13

Companies related to directors

The Group had the following transactions with companies related to directors:

- (i) The Group had entered into lease agreements with K S Beng Pte. Ltd., a company owned by an immediate family member of Dr Beng Teck Liang, the Company's Executive Director and CEO and a substantial shareholder of the Company, to lease commercial premises for rental of \$93,000 (30.6.2021: \$91,000). The Group also paid professional fees of \$84,000 (30.6.2021: \$87,000) in relation to medical services rendered by the same entity.
- (ii) The Group had entered into a lease agreement with MW Medical Holdings Pte. Ltd., a company related to Dr Wong Seng Weng, an Executive Director of the Company, to lease a commercial premise for rental of \$77,000 (30.6.2021: \$82,000). The Group also engaged MW Medical Pte. Ltd., a company related to the same director, for nursing services of \$4,000 (30.6.2021: \$4,000).

Singapore Medical Group Limited and its Subsidiaries

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

6. Related party transactions (cont'd)

Companies related to directors (cont'd)

- (iii) The Group had engaged Tricor Singapore Pte. Ltd. and Tricor WP Corporate Services Pte. Ltd. which are companies related to Mr Ho Lon Gee, an Independent Director of the Company, for secretarial services. The Group incurred professional fees of \$12,000 for the financial period ended 30 June 2021. These companies are no longer related parties of the Group from 1 January 2022.
- (iv) The Group had engaged TSMP Law Corporation, a company related to Ms Stefanie Yuen-Thio, an Independent Director of the Company, for legal services. The Group incurred professional fees of \$13,000 (30.6.2021: \$76,000).

7. Income tax expense

The Group calculates the period's 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 financial periods ended 30 June 2022 and 2021 are:

	Group	
	30.6.2022	30.6.2021
	\$'000	\$'000
<i>Statement of comprehensive income:</i>		
Current income tax		
- current income taxation	1,016	1,136
- over provision in respect of previous years	-	(29)
	1,016	1,107
Deferred income tax		
- origination and reversal of temporary differences	144	110
	144	110
Income tax expense recognised in statement of comprehensive income	1,160	1,217

8. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue of 486,382,109 (30.6.2021: 482,644,155) during the financial period.

Diluted earnings per share is calculated by dividing the net profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue of 487,214,452 (30.6.2021: 482,904,120) during the financial period. The weighted average number of ordinary shares for diluted earnings per share computation has taken into consideration the share options granted to the employees under the existing employee share option plan.

Singapore Medical Group Limited and its Subsidiaries

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

9. Net assets value

	Group		Company	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021
Net assets value per share (cents)	35.03	34.53	31.63	32.50

Net asset value per ordinary share is calculated based on 486,382,109 and 486,382,109 ordinary shares (excluding treasury shares) outstanding as at 30 June 2022 and 31 December 2021 respectively.

10. Property, plant and equipment

During the financial period, the Group and Company acquired assets amounting to \$987,000 (30.6.2021: \$2,753,000) and \$13,000 (30.6.2021: \$25,000) respectively.

11. Intangible assets

As at 30 June 2022, intangible assets of the Group of \$123,810,000 (31.12.2021: \$123,976,000) include goodwill of \$123,413,000 (31.12.2021: \$123,413,000).

Impairment testing of goodwill

Goodwill acquired through business combinations have been allocated to five cash-generating units ("CGU"), Women's Health business, Paediatrics business, Diagnostic business, Aesthetics business and Vietnam business, for impairment testing.

Singapore Medical Group Limited and its Subsidiaries

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

11. Intangible assets (cont'd)

Impairment testing of goodwill (cont'd)

The carrying amount of goodwill allocated to each CGU is as follows:

	Women's Health business		Paediatrics business		Diagnostic business		Aesthetics business		Vietnam business	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Goodwill	74,379	74,379	32,316	32,316	9,593	9,593	6,813	6,813	312	312

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 five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted future growth rates used to extrapolate cash flow projections beyond the five-year period are as follows:

	Women's Health business		Paediatrics business		Diagnostic business		Aesthetics business		Vietnam business	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021
Long-term growth rates	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	4.0%	4.0%
Pre-tax discount rate	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	12.0%	12.0%

Singapore Medical Group Limited and its Subsidiaries

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

11. Intangible assets (cont'd)

Key assumptions used in the value in use calculation

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

Growth rates – Budgeted revenue is forecasted after considering factors like general market conditions, macroeconomic cycle, industry-specific and other relevant information. The growth rates are based on the targeted revenue growth, after considering the Company's available capacity, that are approved by management covering a period of 5 years. The future growth rates do not exceed the long-term average growth rate for the industries relevant to the CGUs.

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital ("**WACC**"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Sensitivity to changes in assumptions

With regards to the assessment of value in use, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the CGU to materially exceed its recoverable amount.

12. Financial assets and financial liabilities

	Group		Company	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Financial assets at amortised cost:				
- Trade receivables	6,733	5,968	-	-
- Other receivables (Note (i))	2,305	2,165	1,016	926
- Due from related companies	-	-	15,194	15,645
- Cash and bank balances	27,192	26,618	2,246	2,521
	<u>36,230</u>	<u>34,751</u>	<u>18,456</u>	<u>19,092</u>
Financial liabilities				
Financial liabilities at amortised cost:				
- Trade payables	2,377	2,075	2	2
- Other payables and accruals* (Note (ii))	12,223	11,381	742	839
- Due to related companies	-	-	15,263	13,101
- Lease liabilities	10,109	10,504	5,518	5,924
- Loans and borrowings	2,598	3,682	2,598	3,005
	<u>27,307</u>	<u>27,642</u>	<u>24,123</u>	<u>22,871</u>

Singapore Medical Group Limited and its Subsidiaries

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

12. Financial assets and financial liabilities (cont'd)

* Other payables and accruals exclude goods and services tax payable and provision for reinstatement.

(i) Other receivables comprise:

	Group		Company	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021
	\$'000	\$'000	\$'000	\$'000
<i>Non-current:</i>				
Refundable deposits	1,741	1,639	937	850
<i>Current:</i>				
Refundable deposits	260	331	48	40
Amounts due from associates	25	24	25	24
Other receivables	279	171	6	12
	564	526	79	76
Total other receivables	2,305	2,165	1,016	926

(ii) Other payables and accruals comprise:

	Group		Company	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021
	\$'000	\$'000	\$'000	\$'000
<i>Current:</i>				
Goods and services tax payable	1,344	1,227	77	90
Medisave payable to patients	133	170	-	-
Accrued operating expenses	9,756	9,406	468	583
Amount due to a related party	-	188	-	188
Sundry creditors	2,334	1,617	274	68
	13,567	12,608	819	929
<i>Non-current:</i>				
Provision for reinstatement	408	408	212	212
Total other payables and accruals	13,975	13,016	1,031	1,141

13. Loans and borrowings

	Group		Company	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021
	\$'000	\$'000	\$'000	\$'000
<u>Amounts repayable within one year</u>				
Secured ²	617	1,539	617	817
<u>Amounts repayable after one year</u>				
Secured	1,981	2,188	1,981	2,188
	2,598	3,727	2,598	3,005

² For the financial year ended 31 December 2021, the above includes hire purchase of medical equipment by the Group of \$45,000, which are recorded under "Lease liabilities", that were secured by the Group's medical equipment with net carrying amount of \$742,000. All hire purchase of medical equipment are fully repaid during the financial period.

Singapore Medical Group Limited and its Subsidiaries

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

13. Loans and borrowings (cont'd)

Total loans and borrowings amounted to \$2,598,000 (31.12.2021: \$3,682,000), of which \$Nil (31.12.2021: \$677,000), were secured by:

- (i) a charge over the share capital of eight wholly-owned subsidiaries;
- (ii) an assignment of the sale and purchase agreements and the Deed of Profit Guarantee in relation to the Astra Companies³;
- (iii) a first fixed charge over the consultancy agreements of certain doctors of the Group;
- (iv) a fixed and floating charge on all assets of the Astra Companies; and
- (v) corporate guarantee taken by two subsidiaries of the Group.

The remaining secured loan balances of \$2,598,000 (31.12.2021: \$3,005,000) are drawn down by the Company and secured by corporate guarantees taken by two subsidiaries of the Group.

³ Astra Companies comprise Astra Women's Specialists (WB) Pte. Ltd., The Women's Specialist Centre (HC) Pte. Ltd., Fong's Clinic (TB) Pte. Ltd., Astra Centre for Women & Fertility Pte. Ltd., Astra Women's Specialists (JL) Pte. Ltd., TCK@Novena Pte. Ltd. and Alpha Healthcare International Pte. Ltd.

14. Share capital

	Group and Company			
	30.6.2022		31.12.2021	
	No. of shares '000	\$'000	No. of shares '000	\$'000
<u>Issued and fully paid ordinary shares (including treasury shares):</u>				
At 1 January	486,614	121,028	483,021	119,838
Reclassification from share option reserve for performance shares issued via transfer of treasury shares	-	-	-	50
Issue of shares (Note a)	-	-	195	55
Reclassification from share option reserve for share options exercised by employees	-	-	-	17
Share issuance expenses	-	-	-	(23)
Shares issued for acquisition of subsidiary (Note b)	-	-	3,398	1,091
At 30 June/31 December	486,614	121,028	486,614	121,028

	Group and Company	
	30.6.2022	31.12.2021
	No. of shares	No. of shares
Total number of issued shares, including treasury shares	486,614,838	486,614,838
Treasury shares	(232,729)	(232,729)
Total number of issued shares, excluding treasury shares	486,382,109	486,382,109

Singapore Medical Group Limited and its Subsidiaries

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

14. Share capital (cont'd)

- (a) In 2021, the Company issued 195,000 ordinary shares following the exercise of share options under the SMG Share Option Scheme.
- (b) In 2021, the Company issued a total of 3,398,203 ordinary shares to three external parties, pursuant to the sale and purchase agreement between the Company and these parties, as part of the consideration for the acquisition of the remaining 50% equity interest in SMG International (Vietnam) Pte. Ltd. ("**SIV**"). Upon completion of the acquisition, SIV became a wholly-owned subsidiary of the Company.

As at 30 June 2022, the Company held 232,729 (31.12.2021: 232,729) treasury shares and the total number of ordinary shares in the capital of the Company (excluding treasury shares and subsidiary holdings) was 486,382,109 (31.12.2021: 486,382,109) shares.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2022, 31 December 2021 and 30 June 2021.

15. Treasury shares

	Group and Company			
	30.6.2022		31.12.2021	
	No. of shares '000	\$'000	No. of shares '000	\$'000
At 1 January	233	50	411	89
Re-issue of treasury shares pursuant to SMG Share Plan	-	-	(178)	(39)
At 30 June/31 December	233	50	233	50
As percentage of total issued shares (excluding treasury shares and subsidiary holdings)	0.05%		0.05%	

There are no purchases of treasury shares during the six months ended 30 June 2022 (31.12.2021: Nil).

In 2021, the Company re-issued 178,231 treasury shares pursuant to SMG Share Plan.

The number of treasury shares held by the Company as at 30 June 2021 was 232,729, representing 0.05% of total issued shares (excluding treasury shares and subsidiary holdings).

Singapore Medical Group Limited and its Subsidiaries

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

16. Share options and performance shares

Share Options

The SMG Share Option Scheme (“**SSOS**”) was approved by the shareholders at the Extraordinary General Meeting on 30 April 2014. During the six-month financial period ended 30 June 2022, 930,000 (30.6.2021: 150,000) share options were granted by the Company and accepted by employees. As at 30 June 2022, the number of shares that may be issued on conversion of all the outstanding share options were 7,700,000 (30.6.2021: 10,465,000), representing approximately 1.58% (30.6.2021: 2.17%), of the total issued shares (excluding treasury shares and subsidiary holdings).

The movement of share options of the Company during the financial period is as follows:

Date of grant of options	Exercise price per share	Options outstanding at 1.1.2022	Options granted	Options exercised	Options forfeited/expired	Options outstanding at 30.6.2022	Expiry date
3.4.2017	\$0.544	540,000	-	-	(540,000)	-	2.4.2022
30.4.2018	\$0.493	5,200,000	-	-	(240,000)	4,960,000	29.4.2023
31.5.2019	\$0.393	1,860,000	-	-	(300,000)	1,560,000	30.5.2024
12.5.2020	\$0.255	190,000	-	-	-	190,000	11.5.2025
1.4.2021	\$0.381	150,000	-	-	(90,000)	60,000	31.3.2026
24.5.2022	\$0.309	-	930,000	-	-	930,000	23.5.2027
		<u>7,940,000</u>	<u>930,000</u>	<u>-</u>	<u>(1,170,000)</u>	<u>7,700,000</u>	

Performance Shares

In addition to the SSOS, share awards can be granted to employees under the SMG Share Plan (“**SSP**”), which was approved by the shareholders at the Extraordinary General Meeting on 30 April 2014.

Depending on the achievement of pre-determined targets over the performance periods for the SSP, the final number of performance shares awarded will be adjusted accordingly.

During the six-month financial period ended 30 June 2022, no performance shares (30.6.2021: Nil) were granted to employees under the SSP. There were no outstanding performance shares to be granted under the SSP as at 30 June 2022 and 30 June 2021 respectively.

17. Dividends

	Group and Company	
	30.6.2022	30.6.2021
	\$'000	\$'000
Cash dividends on ordinary shares declared and paid		
Final exempt (one-tier) dividend for year ended 2021: \$0.009 (30.6.2021: Year ended 2020: \$0.004) per share	<u>4,377</u>	<u>1,930</u>

Singapore Medical Group Limited and its Subsidiaries

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

18. Investment in joint venture

On 10 February 2022 and 20 April 2022, Aurum SMG Pte. Ltd. ("**ASPL**"), a 50%-owned joint venture entity of the Company, increased its issued and paid-up share capital by way of an allotment and issuance of 600,000 and 400,000 new ordinary shares of \$1 each respectively, and these are subscribed by the Company and Aurum Land (Private) Limited pursuant to their 50% interest in ASPL respectively for a total subscription price of \$500,000 each in cash. Following the allotment and issuance of these new shares, ASPL's issued and paid-up share capital is 2,050,000 comprising of 2,050,000 shares, and the Company's interest in ASPL remains unchanged at 50%. The investment is funded through the Company's internal resources.

19. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim condensed financial statements.

Other Information Required by Appendix 7C of the Catalist Rules

Singapore Medical Group Limited and its Subsidiaries

Other information required by Appendix 7C of the Catalyst Rules For the six-month financial period ended 30 June 2022

Other Information

1. Review

The interim condensed consolidated balance sheet of Singapore Medical Group Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) as at 30 June 2022 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and certain explanatory notes have not been audited or reviewed by the Company’s auditors.

1A. 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.

2. Review of performance of the Group

Interim Condensed Consolidated Statement of Comprehensive Income

Revenue

The Group’s revenue increased by 8.9% from \$49.7 million for the six-month financial period ended 30 June 2021 (“**HY2021**”) to \$54.1 million for the six-month financial period ended 30 June 2022 (“**HY2022**”). Revenue from the Diagnostic and Aesthetics Business segment and the Health Business segment increased by \$2.2 million and \$2.2 million respectively. The increase was mainly due to: (i) increased capacity of the Imaging business with the acquisition of a Magnetic Resonance Imaging (“**MRI**”) equipment in May 2021; (ii) the return of medical tourism during the financial period following the lifting of travel restrictions on 1 April 2022; (iii) the organic growth of the existing clinics; and (iv) contributions from the new clinics set up during the financial period.

Gross profit

Gross profit increased by 1.1% from \$22.3 million for HY2021 to \$22.5 million for HY2022 as a result of the increase in revenue. Gross profit margin decreased by three percentage points from 45% in HY2021 to 42% in HY2022 mainly due to the change in sales mix of the Health Business segment and the Diagnostic and Aesthetics Business segment, and increase in doctors’ remuneration arising from changes to the remuneration scheme of certain doctors pursuant to their agreements.

Other income

Other income increased by 111.4% from \$35,000 for HY2021 to \$74,000 for HY2022 mainly due to higher miscellaneous income received in HY2022.

Singapore Medical Group Limited and its Subsidiaries

Other information required by Appendix 7C of the Catalyst Rules For the six-month financial period ended 30 June 2022

2. Review of the performance of the Group (cont'd)

Interim Condensed Consolidated Statement of Comprehensive Income (cont'd)

Distribution and selling expenses

Distribution and selling expenses increased by 3.8% from \$1.7 million for HY2021 to \$1.8 million for HY2022. The increase is in line with the increase in revenue.

Administrative expenses

Administrative expenses increased by 16.0% from \$11.6 million for HY2021 to \$13.4 million for HY2022. This was mainly due to increase in staff costs as a result of: (i) the receipt of \$0.5 million of wage credits under the Job Support Scheme in HY2021; (ii) increase in headcount due to the opening of new clinics; (iii) salary adjustments and additional bonuses to match with the market; and (iv) increase in recruitment costs.

Financial expenses

Financial expenses decreased by 21.6% from \$0.3 million for HY2021 to \$0.2 million for HY2022 mainly due to lower interest expense from bank loans with the repayment of the loan principal.

Share of results of joint ventures and associates

Share of profit of joint ventures and associates increased by 252.0% from \$0.2 million for HY2021 to \$0.8 million for HY2022. This is mainly due to higher profits earned by the joint venture entity, PT Ciputra SMG, and associated company, CHA SMG (Australia) Pte. Ltd., and improved performance by the associated company, CityClinic Asia Investments Pte. Ltd. The increase is offset by the loss incurred by the joint venture entity, Aurum SMG Pte. Ltd. ("ASPL"), where it only commences operations in March 2022.

Income tax expense

Income tax expense decreased by 4.7% from \$1.2 million for HY2021 to \$1.1 million for HY2022 mainly due to a lower taxable profit during the financial period.

Net profit

As a result of the reasons mentioned above, the Group's net profit attributable to equity holders of the Company decreased by 12.9% from \$7.2 million for HY2021 to \$6.3 million for HY2022.

Singapore Medical Group Limited and its Subsidiaries

Other information required by Appendix 7C of the Catalyst Rules For the six-month financial period ended 30 June 2022

2. Review of the performance of the Group (cont'd)

Interim Condensed Consolidated Balance Sheet

Non-current assets increased by \$0.5 million from \$165.9 million as at 31 December 2021 to \$166.4 million as at 30 June 2022, mainly due to:

- (i) Increase in investment in joint ventures mainly due to subscription of additional shares in ASPL, and the net share of profits arising from joint ventures during the financial period;
- (ii) Increase in investment in associates mainly due to the net share of profits arising from associates during the financial period; and
- (iii) Increase in other receivables due to increase in rental deposits placed for new and renewed leases during the financial period.

The above is offset by: (i) decrease in property, plant and equipment arising from depreciation charged, offset by additions during the financial period; (ii) decrease in intangible assets arising from amortisation charged, offset by additions during the financial period; and (iii) decrease in right-of-use assets arising from depreciation charged, offset by the renewal of existing leases and new leases obtained for clinic/office premises during the financial period.

Current assets increased by \$2.1 million from \$36.0 million as at 31 December 2021 to \$38.1 million as at 30 June 2022, mainly due to increases in inventories, trade receivables, prepayments, and cash and cash equivalents of \$0.2 million, \$0.8 million, \$0.5 million and \$0.6 million respectively.

Current liabilities increased by \$0.4 million from \$26.5 million as at 31 December 2021 to \$26.9 million as at 30 June 2022, mainly due to: (a) increase in trade payables of \$0.3 million; (b) increase in other payables and accruals of \$0.9 million; and (c) increase in contract liabilities of \$0.3 million. The increase is offset by: (a) decrease in the current portion of loans and borrowings of \$0.9 million as a result of repayment of bank loans; and (b) decrease in income tax payable of \$0.2 million.

Non-current liabilities decreased by \$0.5 million from \$8.8 million as at 31 December 2021 to \$8.3 million as at 30 June 2022, mainly due to decrease in lease liabilities arising from lease payments, offset by the additional lease liabilities from the renewal of existing leases and new leases obtained for clinic/office premises during the financial period, and decrease in loans and borrowings as a result of reclassification from non-current to current during the financial period. The decrease is offset by increase in deferred tax liabilities.

Refer to Note 14 of the interim condensed financial statements for details of movements in share capital.

Interim Condensed Consolidated Cash Flow Statement

Net cash flows generated from operating activities of \$10.2 million for HY2022 arose mainly from the operating profit before working capital changes of \$12.2 million, offset by outflow of working capital of \$0.5 million, and interest and income tax payment of \$0.2 million and \$1.3 million respectively.

Net cash flows used in investing activities of \$1.5 million for HY2022 were mainly attributed to the purchase of property, plant and equipment of \$1.0 million and investment in joint venture of \$0.5 million.

2. Review of the performance of the Group (cont'd)

Interim Condensed Consolidated Cash Flow Statement (cont'd)

Net cash flows used in financing activities of \$8.1 million for HY2022 were mainly from dividends paid of \$4.4 million, dividends paid to non-controlling interests of \$0.2 million, and repayment of loans and borrowings and lease payments of \$1.1 million and \$2.4 million respectively.

Cash and cash equivalents was \$27.2 million as at 30 June 2022, compared to \$26.6 million as at 31 December 2021.

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

No specific forecast or prospect statement has been previously disclosed to shareholders.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months

Following a near two-year period of strict border controls and lockdowns, medical tourism has gradually begun to return since April 2022, positively contributing to the Group's topline and key specialist verticals such as imaging, oncology and cardiology. The Group expects the gradual resumption of medical tourism demand to continue in 2H2022 driving further growth in the Group.

Despite these tailwinds from medical tourism, the healthcare industry has faced an ongoing labour crunch as resignations persist throughout the industry. The replacement cost from these resignations will affect the Group's cost structure and impact operations. The Group also foresees the need for salary adjustments for existing employees as inflationary pressures drive up salary expectations for both existing and new employees.

Nevertheless, the Group remains confident in its diversified business model and continues to chart opportunities for growth. In particular, the Group is looking to further strengthen its position as a leading private specialist healthcare provider within the women's and children's space through the hiring of new O&G specialists and paediatricians, along with the continued expansion of our regional healthcare services in Indonesia, Vietnam, Australia and beyond.

On the organic growth front, the Group expects to further expand through the hiring of new specialists, the opening of new clinics, as well as increasing capacity within existing facilities. These initiatives extend to the Group's overseas investments in Australia, Indonesia and Vietnam which continue to garner momentum and have begun to contribute positively to the Group's financial performance. The Group is undertaking these efforts against the backdrop of rising demand for private specialist healthcare services, an increasingly ageing population, rising prevalence of chronic diseases and a more health-conscious population.

On the inorganic growth front, the Group continues to explore merger and acquisition opportunities in both key and complementary specialist verticals. In addition, the Group continues to explore various avenues and corporate actions to enhance shareholder value. Any material developments on potential future corporate actions will be announced to shareholders accordingly via SGXNet.

Singapore Medical Group Limited and its Subsidiaries

**Other information required by Appendix 7C of the Catalyst Rules
For the six-month financial period ended 30 June 2022**

5. Dividend information

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

No dividend has been declared or recommended for the current financial period.

- (b) Corresponding period of the immediately preceding financial year.**

No dividend has been declared or recommended for the corresponding period of the immediately preceding financial year.

- (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).**

Not applicable.

- (d) The date the dividend is payable.**

Not applicable.

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

Not applicable.

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

No dividend has been declared or recommended for the financial period ended 30 June 2022 in view of the funding needs of the Group for future business development and expansion.

7. Interested person transactions

The Group does not have a general mandate for interested person transactions. The aggregate value of the interested person transactions conducted during the six-month financial period ended 30 June 2022 is disclosed below:

Singapore Medical Group Limited and its Subsidiaries

Other information required by Appendix 7C of the Catalyst Rules For the six-month financial period ended 30 June 2022

7. Interested persons transactions (cont'd)

Name of interested person	Aggregate value of all interested person transactions (including transactions less than \$100,000) during the financial period under review	
	30.6.2022 \$'000	30.6.2021 \$'000
K S Beng Pte Ltd ⁽¹⁾ - Rental	93	91
MW Medical Holdings Pte Ltd ⁽²⁾ - Rental	77	82
MW Medical Pte Ltd ⁽²⁾ - Nursing	4	4
TSMP Law Corporation ⁽³⁾ - Professional Fees	13	76

Notes:

- (1) K S Beng Pte. Ltd. is wholly-owned by an immediate family member of Dr Beng Teck Liang, the Company's Executive Director and CEO and a substantial shareholder of the Company.
- (2) MW Medical Holdings Pte. Ltd. and MW Medical Pte. Ltd. are owned by Dr Wong Seng Weng, an Executive Director of the Company.
- (3) TSMP Law Corporation is related to Ms Stefanie Yuen-Thio, an Independent Director of the Company.

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

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

9. Acquisition or sale of shares in subsidiaries and/or associated companies under Rule 706(A)

Save for the disclosures set out in Note 18 to the interim condensed financial statements, the Group has the following transactions during the six-month financial period ended 30 June 2022 and up to the date of this document:

(a) Completion of Member's Voluntary Liquidation of a Dormant Subsidiary

The Company had previously placed Singapore Vision Centre Pte. Ltd. ("**SVC**"), a dormant wholly-owned subsidiary, under member's voluntary liquidation (the "**Liquidation**") which was announced via SGXNET on 30 December 2020.

The Liquidation proceedings have been completed and SVC is officially dissolved with effect from 6 March 2022.

Singapore Medical Group Limited and its Subsidiaries

**Other information required by Appendix 7C of the Catalist Rules
For the six-month financial period ended 30 June 2022**

9. Acquisition or sale of shares in subsidiaries and/or associated companies under Rule 706(A) (cont'd)

(b) Incorporation of Subsidiary

On 25 July 2022, the Company incorporated a wholly-owned subsidiary in Singapore known as SMG Kids Orthopaedic Pte. Ltd. (“**SKO**”).

SKO was registered with an issued and paid-up capital of \$100 comprising 100 ordinary shares and its principal activities are those relating to the provision of orthopaedic services for children and adolescents.

The above investment is funded through the Company’s internal resources.

Singapore Medical Group Limited and its Subsidiaries

**Other information required by Appendix 7C of the Catalist Rules
For the six-month financial period ended 30 June 2022**

Confirmation by the Board

We, the undersigned, hereby confirm on behalf of the Board of Directors (the “**Board**”) that to the best of our knowledge, nothing has come to the Board’s attention which may render the unaudited interim condensed financial statements of the Group for the six-month financial period ended 30 June 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Dr Beng Teck Liang
Executive Director and Chief Executive Officer

Mr Ho Lon Gee
Independent Director

Singapore
11 August 2022

*This announcement has been prepared by Singapore Medical Group Limited (the “**Company**”) and its contents have been reviewed by the Company’s sponsor, UOB Kay Hian Private Limited (the “**Sponsor**”) for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist.*

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

The contact person for the Sponsor is Mr Lance Tan, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.