

HEALTHWAY MEDICAL CORPORATION LIMITED
(Co. Regn. No: 200708625C)

Condensed interim financial statements for the six
months ended 30 June 2021

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Condensed interim consolidated statements of comprehensive income
For the six-month financial period ended 30 June 2021

	Note	Group		Change %
		6 months ended 30 June		
		2021 \$'000	2020 \$'000	
Revenue	3	66,411	45,711	45.3
Other income		976	2,113	(53.8)
Expenses by nature				
- Medical supplies, consumables and laboratory expenses		(12,912)	(8,783)	47.0
- Staff costs		(37,903)	(29,160)	30.0
- Depreciation of property, plant and equipment		(5,361)	(5,449)	(1.6)
- Amortisation of intangible assets		(61)	-	n.m.
- Rental expenses		(87)	(187)	(53.5)
- Impairment loss on trade and other receivables		(40)	(740)	(94.6)
- Finance expenses		(392)	(495)	(20.8)
- Other expenses		(4,954)	(3,440)	44.0
Total expenses		(61,710)	(48,254)	27.9
Share of loss of associate		(120)	(114)	5.3
Profit/(loss) before income tax	5	5,557	(544)	n.m.
Income tax expenses		(133)	-	n.m.
Total profit/(loss) for the financial period, net of tax		5,424	(544)	n.m.
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
- Currency translation gains arising from consolidation – net		-	1	n.m.
Other comprehensive income for the period, net of tax		-	1	n.m.
Total comprehensive income/(loss) for the period		5,424	(543)	n.m.
Total profit/(loss) for the period attributable to:				
Equity holders of the Company		5,424	(544)	n.m.
Total comprehensive income/(loss) for the period attributable to:				
Equity holders of the Company		5,424	(543)	n.m.
Profit/(loss) per share attributable to owners of the Company (cents per share)				
Basic and diluted profit/(loss) per share	8	0.12	(0.01)	n.m.

n.m.: Not meaningful

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

HEALTHWAY MEDICAL CORPORATION LIMITED
(Co. Regn. No: 200708625C)

Condensed interim statements of financial position
As at 30 June 2021

	Note	Group		Company	
		30.06.2021	31.12.2020	30.06.2021	31.12.2020
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current assets					
Cash and bank balances		31,434	27,411	24,321	22,691
Trade and other receivables		20,582	15,571	302	642
Inventories		3,042	3,322	-	-
		55,058	46,304	24,623	23,333
Non-current assets					
Trade and other receivables		1,680	1,500	506	545
Investments in subsidiaries		-	-	213,125	212,154
Investment in an associate		1,609	1,730	2,108	1,730
Property, plant and equipment	10	20,570	22,635	1,303	1,663
Intangible assets	9	146,549	146,587	580	604
Deferred income tax assets		333	714	-	-
		170,741	173,166	217,622	216,696
Total assets		225,799	219,470	242,245	240,029
LIABILITIES					
Current liabilities					
Trade and other payables		21,191	17,777	3,109	1,610
Current income tax liabilities		59	29	-	-
Borrowings		845	872	-	-
Lease liabilities		6,748	7,624	747	730
		28,843	26,302	3,856	2,340
Non-current liabilities					
Borrowings		1,102	1,507	-	-
Deferred income tax liabilities		901	1,178	-	-
Provisions		1,691	1,707	105	105
Lease liabilities		7,062	7,803	782	1,160
Trade and other payables		235	431	-	-
		10,991	12,626	887	1,265
Total liabilities		39,834	38,928	4,743	3,605
NET ASSETS		185,965	180,542	237,502	236,424
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	12	277,433	277,433	277,433	277,433
Treasury shares	12	(33)	(236)	(33)	(236)
Other reserves		861	1,065	62	266
Accumulated losses		(92,296)	(97,720)	(39,960)	(41,039)
Total equity		185,965	180,542	237,502	236,424

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

HEALTHWAY MEDICAL CORPORATION LIMITED
(Co. Regn. No: 200708625C)

Condensed interim statements of changes in equity
For the six-month financial period ended 30 June 2021

Group	Note	Share capital \$'000	Treasury shares \$'000	Share-based compensation reserve \$'000	Currency translation reserve \$'000	Capital reserve \$'000	Accumulated losses \$'000	Total equity \$'000
2021								
Balance at 1 January 2021	12	277,433	(236)	235	799	31	(97,720)	180,542
Profit for the financial period		-	-	-	-	-	5,424	5,424
<u>Other comprehensive income</u>								
Foreign currency translation differences		-	-	-	-	-	-	-
Total comprehensive income for the financial period		-	-	-	-	-	5,424	5,424
<u>Contributions by and distributions to owners</u>								
Treasury shares reissued pursuant to share-based compensation plans		-	203	(235)	-	32	-	-
Share reissuance expenses		-	-	-	-	(1)	-	(1)
Total contributions by and distributions to owners		-	203	(235)	-	31	-	(1)
Balance at 30 June 2021		277,433	(33)	-	799	62	(92,296)	185,965
2020								
Balance at 1 January 2020	12	277,433	(438)	235	797	-	(100,954)	177,073
Loss for the financial period		-	-	-	-	-	(544)	(544)
<u>Other comprehensive income</u>								
Foreign currency translation differences		-	-	-	1	-	-	1
Total comprehensive loss for the financial period		-	-	-	1	-	(544)	(543)
<u>Contributions by and distributions to owners</u>								
Treasury shares reissued pursuant to share-based compensation plans		-	202	(235)	-	33	-	-
Share reissuance expenses		-	-	-	-	(2)	-	(2)
Total contributions by and distributions to owners		-	202	(235)	-	31	-	(2)
Balance at 30 June 2020		277,433	(236)	-	798	31	(101,498)	176,528

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HEALTHWAY MEDICAL CORPORATION LIMITED
(Co. Regn. No: 200708625C)

Condensed interim statements of changes in equity
For the six-month financial period ended 30 June 2021

Company	Note	Share capital \$'000	Treasury shares \$'000	Share-based compensati on reserve \$'000	Capital reserve \$'000	Accumulated losses \$'000	Total equity \$'000
2021							
Balance at 1 January 2021	12	277,433	(236)	235	31	(41,039)	236,424
Profit for the financial period		-	-	-	-	1,079	1,079
<u>Other comprehensive income</u>							
Foreign currency translation differences		-	-	-	-	-	-
Total comprehensive income for the financial period		-	-	-	-	1,079	1,079
<u>Contributions by and distributions to owners</u>							
Treasury shares reissued pursuant to share-based compensation plans		-	203	(235)	32	-	-
Share reissuance expenses		-	-	-	(1)	-	(1)
Total contributions by and distributions to owners		-	203	(235)	31	-	(1)
Balance at 30 June 2021		277,433	(33)	-	62	(39,960)	237,502

		Share capital \$'000	Treasury shares \$'000	Share-based compensati on reserve \$'000	Capital reserve \$'000	Accumulated losses \$'000	Total equity \$'000
2020							
Balance at 1 January 2020	12	277,433	(438)	235	-	(41,297)	235,933
Loss for the financial period		-	-	-	-	(239)	(239)
<u>Other comprehensive income</u>							
Foreign currency translation differences		-	-	-	-	-	-
Total comprehensive loss for the financial period		-	-	-	-	(239)	(239)
<u>Contributions by and distributions to owners</u>							
Treasury shares reissued pursuant to share-based compensation plans		-	202	(235)	33	-	-
Share reissuance expenses		-	-	-	(2)	-	(2)
Total contributions by and distributions to owners		-	202	(235)	31	-	(2)
Balance at 30 June 2020		277,433	(236)	-	31	(41,536)	235,692

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

HEALTHWAY MEDICAL CORPORATION LIMITED
(Co. Regn. No: 200708625C)

Condensed interim consolidated statement of cash flows
For the six-month financial period ended 30 June 2021

	Note	Group	
		6 months ended 30 June	
		2021	2020
		\$'000	\$'000
Cash flows from operating activities			
Profit/(loss) before income tax		5,557	(544)
Adjustments for:			
- Depreciation of property, plant and equipment		5,361	5,449
- Amortisation of intangible assets		61	-
- Property, plant and equipment written off	5	91	11
- Impairment loss on trade and other receivables		40	740
- Write back of provision for onerous lease contracts		-	(5)
- Finance expenses		392	495
- Interest income	5	(26)	(104)
- Share of loss of associate		120	114
Operating cash inflows before changes in working capital		11,596	6,156
Changes in working capital:			
- Inventories		280	(58)
- Trade and other receivables		(5,229)	3,126
- Trade and other payables		3,551	(2,928)
- Provisions		(16)	(30)
Cash flows generated from operations		10,182	6,266
Income tax paid		-	(8)
Net cash flows generated from operating activities		10,182	6,258
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(556)	(303)
Purchase of intangible assets	9	(37)	(82)
Acquisition of clinics		(336)	(1,080)
Interest received		26	104
Net cash flows used in investing activities		(903)	(1,361)
Cash flows from financing activities			
Bank deposits pledged		-	(16)
Repayment of borrowings		(432)	(549)
Principal payment of lease liabilities		(4,432)	(4,582)
Interest paid		(392)	(495)
Net cash flows used in financing activities		(5,256)	(5,642)
Net increase/(decrease) in cash and cash equivalents		4,023	(745)
Cash and cash equivalents at the beginning of financial period		26,736	23,852
Effects of currency translation on cash and cash equivalents		-	1
Cash and cash equivalents at the end of financial period		30,759	23,108
Cash and cash equivalents comprised:			
Cash and bank balances		31,434	23,782
Pledged fixed deposits		(675)	(674)
		30,759	23,108

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

**Notes to the condensed interim financial statements
For the six-month financial period ended 30 June 2021**

1. Corporate information

Healthway Medical Corporation Limited (the “Company”) is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 6 Shenton Way, #10-09, OUE Downtown 2, Singapore 068809.

The principal activities of the Company are those of an investment holding company and its principal subsidiaries are in the business of healthcare management.

2. Basis of Preparation

2.1 Statement of compliance

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

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 2.3.

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

2.2 Use of judgements and estimates

In preparing the condensed interim 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 consolidated financial statements as at and for the year ended 31 December 2020.

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.

2.3 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.

Notes to the condensed interim financial statements
For the six-month financial period ended 30 June 2021

3. Segment and revenue information

Management has determined the operating segments based on the reports reviewed by the Chief Operating Decision Maker (“CODM”) that are used to make strategic decisions, allocate resources, and assess performance. The CODM considers the business from both a geographic and business segment perspective and regularly reviews internal management reports for each of the business units. Whilst the CODM receives separate reports for each of the Group’s strategic business units, the results have been aggregated into the Primary Healthcare and Specialist Healthcare segments. Such aggregation is determined by the nature of risks associated with each business segment as they offer different products and services and require different marketing strategies.

Business segments

The Group has the following business segments.

- Primary Healthcare comprising family medicine, dentistry, healthcare benefit management and investment in strategic medical related business; and
- Specialist Healthcare comprising paediatrics, orthopaedics, aesthetic medicine, obstetrics and gynaecology and Nobel specialist comprising cardiology, gastroenterology, psychiatry, ophthalmology (eye), otorhinolaryngology (ear, nose and throat) and general surgery.

Geographical segments

The Group’s operations are mainly in Singapore.

3.1 Reportable segments

The segment information provided to the CODM for the reportable segments are as follows:

<u>6 months ended 30 June 2021</u>	Singapore		China	Total
	Primary Healthcare	Specialist Healthcare	Specialist Healthcare	
	\$’000	\$’000	\$’000	\$’000
Sales				
Total segment sales and sales to external parties	39,675	26,736	-	66,411
Adjusted EBITDA	7,059	4,476	(70)	11,465
Depreciation of property, plant and equipment	3,504	1,857	-	5,361
Amortisation of intangible assets	61	-	-	61
				-
Segment assets	120,443	85,598	25	206,066
Segment assets include:				
- Additions to property, plant and equipment	3,447	21	-	3,468
- Additions to intangible assets	37	-	-	37
Segment liabilities	22,855	14,045	27	36,927

Notes to the condensed interim financial statements
For the six-month financial period ended 30 June 2021

3.1 Reportable segments (continued)

6 months ended 30 June 2020	Singapore		China	Total
	Primary Healthcare	Specialist Healthcare	Specialist Healthcare	
	\$'000	\$'000	\$'000	\$'000
Sales				
Total segment sales and sales to external parties	23,740	21,971	-	45,711
Adjusted EBITDA	3,408	2,059	(57)	5,410
Depreciation of property, plant and equipment	3,559	1,888	2	5,449
Segment assets	110,807	84,962	97	195,866
Segment assets include:				
- Additions to property, plant and equipment	1,390	1,625	-	3,015
- Additions to intangible assets	1,648	-	-	1,648
Segment liabilities	20,857	13,719	337	34,913

The revenue reported for interim financial period to the CODM is measured in a manner consistent with that in the statement of comprehensive income.

The CODM assesses the performance of the operating segments based on a measure of earnings before interest, tax, depreciation and amortisation (“Adjusted EBITDA”) for continuing operations. This measurement basis excludes the effects of net gain on the disposal of available-for-sale financial assets that are not expected to recur regularly in every period which are separately analysed. Interest income and finance expenses are not allocated to segments, as this type of activity is driven by the Group Treasury, which manages the cash position of the Group.

- (a) Reconciliations
- (i) *Segment profits*

A reconciliation of adjusted EBITDA to profit/(loss) before tax is as follows:

	Group	
	6 months ended 30 June 2021	2020
	\$'000	\$'000
Adjusted EBITDA for reportable segments	11,465	5,410
Depreciation of property, plant and equipment	(5,361)	(5,449)
Amortisation of intangible assets	(61)	-
Interest income	26	104
Finance expenses	(392)	(495)
Share of loss of associate – net of tax	(120)	(114)
Profit/(loss) before tax	5,557	(544)

Notes to the condensed interim financial statements
For the six-month financial period ended 30 June 2021

3.1 Reportable segments (continued)

(a) Reconciliations (continued)

(ii) *Segment assets*

The amounts reported to the CODM with respect to total assets are measured in a manner consistent with that of the financial statements. All assets are allocated to reportable segments other than short-term bank deposits, deferred tax assets and investment in associate.

Segment assets are reconciled to total assets as follows:

	Group	
	30.06.2021	30.06.2020
	\$'000	\$'000
Segment assets for reportable segments	206,066	195,866
Unallocated:		
- Short-term bank deposits	17,791	17,756
- Investment in associate	1,609	1,854
- Deferred tax assets	333	-
Total assets	225,799	215,476

(iii) *Segment liabilities*

The amounts reported to the CODM with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than income tax liabilities, deferred income tax liabilities and borrowings.

Segment liabilities are reconciled to total liabilities as follows:

	Group	
	30.06.2021	30.06.2020
	\$'000	\$'000
Segment liabilities for reportable segments	36,927	34,913
Unallocated:		
- Current income tax liabilities	59	30
- Deferred income tax liabilities	901	1,178
- Borrowings	1,947	2,827
Total liabilities	39,834	38,948

(b) Geographical information

Sales for continuing operations

	Group	
	6 months ended 30 June	
	2021	2020
	\$'000	\$'000
Singapore	66,411	45,711

Notes to the condensed interim financial statements
For the six-month financial period ended 30 June 2021

4. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2021 and 31 December 2020:

	Group		Company	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
Note	\$'000	\$'000	\$'000	\$'000
Financial assets, at amortised cost	53,153	44,031	25,069	23,819
Financial liabilities, at amortised cost	33,633	32,430	4,569	3,447

5. Profit before taxation

5.1. Significant items

	Group	
	6 months ended 30 June 2021	2020
	\$'000	\$'000
Income		
Rental income	93	149
Bad debts recovered	63	2
Lease interest income	14	5
Interest income	12	99
Expenses		
Interest expense	53	74
Lease interest expense	339	419
Property, plant and equipment written off	91	11

5.2. Related party transactions

The following significant transactions took place between the Group and related parties at terms agreed between the parties during the interim financial period:

(a) *Related party transactions*

	Group	
	6 months ended 30 June 2021	2020
	\$'000	\$'000
Rental and other operating expenses	669	507
Rental income	134	124
Staff costs	130	123

**Notes to the condensed interim financial statements
For the six-month financial period ended 30 June 2021**

5.2. Related party transactions (continued)

Related parties comprise mainly companies which are controlled or significantly influenced by the deemed controlling shareholder of the Company and a close family member of a key management personnel of the Company.

(b) **Key management personnel compensation**

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group.
Key management personnel compensation comprises:

	Group	
	6 months ended 30 June	
	2021	2020
	\$'000	\$'000
Wages and salaries	355	307
Directors' fees of the Company	98	98
Employer's contribution to defined contribution plans including Central Provident Fund	8	6
	<u>461</u>	<u>411</u>

6. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	6 months ended 30 June	
	2021	2020
	\$'000	\$'000
Current income tax expense	29	-
Deferred income tax expense relating to origination and reversal of temporary differences	104	-
	<u>133</u>	<u>-</u>

7. Net asset value (for the Issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the: -

a) **current financial period reported on; and**

b) **immediately preceding financial year.**

	Group		Company	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
Net asset value per ordinary share based on total number of issued shares, excluding treasury shares (Singapore cents)	<u>4.11</u>	<u>3.99</u>	<u>5.25</u>	<u>5.24</u>

Notes to the condensed interim financial statements
For the six-month financial period ended 30 June 2021

7. Net asset value per ordinary share (continued)

The net asset value per ordinary share of the Group and the Company as of 30 June 2021 were calculated based on the total number of issued shares, excluding treasury shares, of 4,527,456,100 (31 December 2020: 4,519,341,200).

8. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	6 months ended 30 June	
	2021	2020
	\$'000	\$'000
Basic and diluted profit / (loss) per ordinary share (Singapore cents) ^(a)	0.12 ^(b)	(0.01) ^(b)

(a) Basic and diluted profit / (loss) per share of the Group for the 6 months ended 30 June 2021 are calculated based on the weighted average number of ordinary shares in issue of 4,523,555,568 (30 June 2020: 4,515,506,687).

(b) The respective basic and diluted profit / (loss) per share for the Group for the 6 month ended 30 June 2021 and 30 June 2020 were the same as there were no potentially dilutive ordinary shares as at the end of the respective financial periods.

9. Intangible assets

	Group		Company	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
	\$'000	\$'000	\$'000	\$'000
Goodwill arising on consolidation (Note (a))	113,575	113,575	-	-
Brand names (Note (a))	32,394	32,394	-	-
Computer software, including licences (Note (b))	560	373	560	359
Computer software in progress (Note (c))	20	245	20	245
	146,549	146,587	580	604

Notes to the condensed interim financial statements
For the six-month financial period ended 30 June 2021

9. Intangible assets (continued)

(a) Goodwill arising from consolidation and brand names

	Goodwill \$'000	Brand names \$'000	Total \$'000
Group			
As at 31 December 2020			
<i>Cost</i>			
Beginning and end of interim financial period	203,031	32,394	235,425
<i>Accumulated impairment losses</i>			
Beginning and end of interim financial period	89,456	–	89,456
Net carrying amount			
As at 30 June 2021	113,575	32,394	145,969
Group			
As at 31 December 2019			
<i>Cost</i>			
Beginning of financial year	201,465	32,394	233,859
Addition	1,566	–	1,566
	203,031	32,394	235,425
<i>Accumulated impairment losses</i>			
Beginning and end of financial year	89,456	–	89,456
Net carrying amount			
As at 31 December 2020	113,575	32,394	145,969

Impairment test for goodwill and brand names with indefinite useful lives

For the purpose of impairment testing, goodwill and brand names with indefinite useful lives are allocated to the respective Singapore service groups (“cash generating units” or “CGUs”).

The aggregate carrying amount and impairment loss of goodwill and brand names with indefinite useful lives are allocated to each CGU identified according to service groups as at beginning and end of interim financial period as follows:

	Goodwill			Net carrying amount \$'000
	Cost \$'000	Accumulated impairment losses \$'000	Brand names \$'000	
Beginning and end of interim financial period				
<i>Service groups</i>				
Family medicine	70,590	(4,500)	8,000	74,090
Dentistry	7,191	(7,191)	–	–
Paediatrics	60,761	(46,911)	9,656	23,506
Orthopaedics	35,196	(18,293)	9,657	26,560
Wellness and aesthetic	4,657	(4,657)	–	–
Obstetrics and gynaecology	3,792	(1,904)	–	1,888
Nobel specialist	20,844	(6,000)	5,081	19,925
	203,031	(89,456)	32,394	145,969

Notes to the condensed interim financial statements
For the six-month financial period ended 30 June 2021

9. Intangible assets (continued)

The recoverable amount of each CGU was determined based on its value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated terminal growth rate stated below. The terminal growth rate did not exceed the long-term average growth rate for the healthcare industry in Singapore.

Key assumptions used in the value-in-use calculations

- The compound annual revenue growth rate for each CGU included in the cash flow projections ranged between 2.0% to 7.8% (2019: 2.0% to 5.8%) per annum for years 2021 to 2025.
- The pre-tax discount rate for each CGU included in the cash flow projections was approximately 9.0% to 9.2% (2019: 8.8% to 9.2%).
- The anticipated terminal growth rate for each CGU was approximately 2.0% (2019: 2.0%).

These assumptions were determined based on past performance and management's expectations of market developments with reference to internal and external sources. The growth rates used took into account forecasts included in industry reports.

Based on management's assessment, no impairment loss was recorded on the goodwill and brand names with indefinite useful life for the financial period ended 30 June 2021 (2020: \$Nil).

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

(b) Computer software licenses

	Group		Company	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
	S\$'000	S\$'000	S\$'000	S\$'000
<i>Cost</i>				
Beginning of financial period/year	2,055	1,670	1,833	1,448
Additions	7	-	7	-
Write off	(41)	-	-	-
Reclassifications	255	385	255	385
End of financial period/year	<u>2,276</u>	<u>2,055</u>	<u>2,095</u>	<u>1,833</u>
<i>Accumulated amortisation</i>				
Beginning of financial period	1,682	1,656	1,474	1,448
Write off	(27)	-	-	-
Amortisation for the period	61	26	61	26
End of financial period/year	<u>1,716</u>	<u>1,682</u>	<u>1,535</u>	<u>1,474</u>
<i>Net carrying amount</i>				
End of financial period/year	<u>560</u>	<u>373</u>	<u>560</u>	<u>359</u>

Notes to the condensed interim financial statements
For the six-month financial period ended 30 June 2021

9. Intangible assets (continued)

(c) Computer software in progress

	Group		Company	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
	S\$'000	S\$'000	S\$'000	S\$'000
<i>Cost</i>				
Beginning of financial period/year	245	468	245	468
Additions	30	162	30	162
Reclassifications	(255)	(385)	(255)	(385)
<i>Net carrying amount</i>				
End of financial period/year	<u>20</u>	<u>245</u>	<u>20</u>	<u>245</u>

10. Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired property, plant and equipment with an aggregate cost of \$3,468,000 (30 June 2020: \$3,015,000), of which \$2,912,000 (30 June 2020: \$2,614,000) relates to right-of-use assets. Cash payments of \$556,000 (30 June 2020: \$303,000) were made to purchase property, plant and equipment.

11. Borrowings

	Group	
	30.06.2021	31.12.2020
	\$'000	\$'000
Current		
Other secured borrowings	845	872
Non-current		
Other secured borrowings	1,102	1,507
	<u>1,947</u>	<u>2,379</u>

Other secured borrowings are effectively secured over property, plant and equipment, as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of these secured borrowings. There are no un-secured borrowings as at 30 June 2021 and 31 December 2020.

Notes to the condensed interim financial statements
For the six-month financial period ended 30 June 2021

12. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

	Group and Company			
	As at 30 June 2021			
	No. of ordinary shares		Amount	
	Issued share capital	Treasury shares	Share capital	Treasury shares
	'000	'000	\$'000	\$'000
Beginning of interim financial period	4,528,792	(9,451)	277,433	(236)
Treasury shares reissued pursuant to share-based compensation plans	-	8,115	-	203
End of financial interim period	4,528,792	(1,336)	277,433	(33)

	Group and Company			
	As at 31 December 2020			
	No. of ordinary shares		Amount	
	Issued share capital	Treasury shares	Share capital	Treasury shares
	'000	'000	\$'000	\$'000
2020				
Beginning of financial year	4,528,792	(17,566)	277,433	(438)
Treasury shares purchased	-	8,115	-	202
End of financial year	4,528,792	(9,451)	277,433	(236)

Ordinary shares (excluding treasury shares) increased by 8,114,900 shares, upon transfer of treasury shares to employees on vesting of share awards granted pursuant to the Healthway Medical Performance Share Plan during 1H-2021, amounting to approximately S\$202,000.

13. Subsequent events

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

Other Information Required by Appendix 7C of the Catalist Rules

**Other Information Required by Appendix 7C of the Catalyst Rules
For the six-month financial period ended 30 June 2021**

1. A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

The Company transferred 8,114,900 treasury shares to employees on vesting of share awards granted pursuant to the Healthway Medical Performance Share Plan during 1H-2021 (FY2020: 8,114,900). Save as disclosed, there are no sales, transfers, cancellation and/or use of treasury shares during and as at the end of the current financial period reported on.

2. A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

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

Not applicable. The figures for the interim financial period ended 30 June 2021 have not been reviewed by the Company's auditors. The audited figures for the financial year ended 31 December 2020 did not have any modifications or emphasis of matter.

3A. 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. The Group's latest financial statements for the financial year ended 31 December 2020 are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

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

The figures have not been audited or reviewed by the Company's auditors.

5. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the followings:-

a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

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

**Other Information Required by Appendix 7C of the Catalyst Rules
For the six-month financial period ended 30 June 2021**

Review of performance of the Group

Condensed interim consolidated statements of comprehensive income

The Group recorded revenue of S\$66.4 million for the first half ended 30 June 2021 (“**1H-2021**”), representing an increase of S\$20.7 million or 45.3% as compared with revenue of S\$45.7 million for the first half ended 30 June 2020 (“**1H-2020**”).

The increase was mainly due to the increase in revenue of S\$16.0 million from the Primary Healthcare Segment and revenue of S\$4.7 million from the Specialist Healthcare Segment.

The increase in revenue of Primary Healthcare Segment was on account of recovery in patient volume as compared to 1H-2020 when circuit breaker was implemented in Singapore. This was further complemented by revenue from vaccination centres, COVID-19 Polymerase Chain Reaction (PCR) and serology testing projects.

The revenue for the Specialist Healthcare Segment increased due to pent up demand compared to 1H-2020, which was impacted by circuit breaker measures imposed by the Singapore Government during 1H-2020.

Other income decreased by S\$1.1 million mainly due to lower rental and property tax rebate and various wage credits from the government compared to 1H-2020. Interest income decreased by S\$0.1 million due to drop in interest rates during 1H-2021.

The increase in operating costs of S\$13.6 million was mainly due to:-

- a) increase in staff cost of S\$8.7 million arising mainly due to increase in revenue and reduction in grants received under the Jobs Support Scheme compared to 1H-2020;
- b) increase in medical supplies, consumables and laboratory expenses and other operating expenses by S\$4.1 million and S\$1.5 million respectively in line with the increase in the revenue; offset by
- c) decrease in impairment loss on trade and other receivables by \$0.7 million upon assessment of recoverability of trade and other receivables and decrease in rental expenses by S\$0.1 million.

The income tax expenses of S\$0.1 million were recognised after adjusting deferred income tax relating to origination and reversal of temporary differences.

As a result of the above, the Group’s net profit after income tax and net profit attributable to shareholders for 1H-2021 was S\$5.4 million as compared to a net loss after income tax and net loss attributable to shareholders of S\$0.5 million in 1H-2020.

Condensed interim statements of financial position

Current assets were S\$55.1 million as at 30 June 2021, S\$8.7 million higher than S\$46.4 million as at 31 December 2020. The increase was mainly due to increase in:-

- a) cash balances by S\$4.0 million in line with net cash flow generated from the operating activities;
- b) trade receivables by S\$5.7 million in line with increase in revenue; offset by

**Other Information Required by Appendix 7C of the Catalyst Rules
For the six-month financial period ended 30 June 2021**

Review of performance of the Group (continued)

Condensed interim statements of financial position (continued)

- c) decrease in deposits due to a reclassification of deposits from current to non-current and other receivables by S\$0.7 million; and
- d) decrease in inventories by S\$0.3 million.

Non-current assets decreased by S\$2.5 million from S\$173.2 million as at 31 December 2020 to S\$170.7 million as at 30 June 2021, mainly due to the following: -

- a) Decrease in property, plant and equipment due to depreciation charged during the financial period; offset by increase in right-of-use ("ROU") assets by S\$2.9 million arising from the renewal of existing leases for clinic premises;
- b) decrease in investment in associates mainly due to net share of loss attributable to the Company;
- c) Decrease in deferred tax assets by S\$0.4 million relating to reversal of temporary differences;
- d) Decrease in intangible assets due to amortisation of intangible assets during the financial period; offset by purchase of computer software in 1H-2021; offset by
- e) increase in other receivables mainly due to reclassification of rental deposits from current to non-current assets.

Current liabilities were S\$28.8 million as at 30 June 2021, an increase of S\$2.5 million from S\$26.3 million as at 31 December 2020. This was mainly due to the following:-

- a) increase in trade payables and other payables by S\$3.4 million due to increase in procurement for drugs, consumables and other operating expenses, which is in line with the increase in revenue;
- b) increase in tax liabilities due to tax expenses for 1H-2021; offset by
- c) decrease in lease liabilities of S\$0.9 million upon payment of lease obligations net of renewal of leases during 1H-2021.

Non-current liabilities decreased by S\$1.6 million mainly due to the following: -

- a) principal repayment of secured borrowings of S\$0.4 million;
- b) decrease in lease liabilities of S\$0.7 million upon payment of lease obligations net of renewal of leases during 1H-2021; and
- c) reversal for deferred tax liabilities of S\$0.3 million relating to reversal of temporary differences.

The Group had a positive working capital of S\$26.2 million as at 30 June 2021.

**Other Information Required by Appendix 7C of the Catalyst Rules
For the six-month financial period ended 30 June 2021**

Review of performance of the Group (continued)

Condensed interim consolidated statement of cash flows

Net cash flow generated from operating activities for 1H-2021 amounted to S\$10.2 million as a result of operating cash inflow before changes in working capital of S\$11.6 million, adjusted for net working capital outflow of S\$1.4 million. The net working capital outflow was mainly due to the following: -

- a) increase in trade and other receivables of S\$5.2 million in line with higher revenue recorded in 1H-2021; offset by
- b) increase in trade and other payables in line with higher operating cost; and
- c) decrease in inventories of S\$0.3 million.

Cash flow used in investing activities for 1H-2021 was S\$0.9 million, mainly due to purchase of property, plant and equipment of S\$0.6 million, and acquisition of a General Practitioner clinic of S\$0.3 million.

Cash flow used in financing activities for 1H-2021 was S\$5.3 million, mainly due to repayment of secured borrowings of S\$0.4 million, payment of lease liabilities of S\$4.4 million and payment of interest expenses of S\$0.4 million.

As at 30 June 2021, the Group's financial position remained healthy with S\$30.8 million of cash and cash equivalent net of fixed deposits pledged of S\$0.7 million.

6. 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 previously disclosed to shareholders for the current reporting period.

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

In the last six months, the global battle against the COVID-19 outbreak has shifted to the timely production, distribution and access to vaccines across the world. More than a dozen types of vaccine are already in distribution, with over 4 billion doses administered across 180 countries as of 5 August 2021¹. However, several issues have emerged that complicate the battle against COVID-19, namely, the emergence of new virus strains led by the highly transmissible Delta variant, global competition over a limited supply of vaccines and public hesitation in taking the vaccines.

In Singapore, the national vaccination programme is progressing well, with 70 per cent of the population having completed the full regimen as of 9 August 2021². While the country had to revert to Phase Two (Heightened Alert) on 22 July 2021 due to the emergence of new clusters, the high rate of vaccination puts the country on track towards living with COVID-19 as an endemic disease.

¹ *More Than 4.27 Billion Shots Given: Covid-19 Tracker*. Bloomberg. Accessed August 5, 2021. <https://www.bloomberg.com/graphics/covid-vaccine-tracker-global-distribution>.

² *Update On Local Covid-19 Situation (4 Aug 2021)*. Ministry of Health, Singapore. Accessed August 5, 2021. [https://www.moh.gov.sg/news-highlights/details/update-on-local-covid-19-situation-\(4-aug-2021\)](https://www.moh.gov.sg/news-highlights/details/update-on-local-covid-19-situation-(4-aug-2021)).

**Other Information Required by Appendix 7C of the Catalyst Rules
For the six-month financial period ended 30 June 2021**

7. A commentary at the date of the announcement of the significant trends (continued)

To support nationwide efforts to achieve high inoculation rates, Healthway Medical remains committed to safely administering the vaccines and reaching out to vulnerable segments of the community through our vaccination centres and mobile vaccination teams. We also continue to perform COVID-19 polymerase chain reaction (PCR), serology and antigen rapid testing (ART), as testing is another key pillar in the government's efforts to curtail the transmission of COVID-19.

As Singapore prepares to open up its borders for business and leisure travel, the Ministry of Health has mandated all healthcare providers issue digital pre-departure test (PDT). Healthway currently offers PDTs at 33 of our General Practitioner (GP) clinics and issues digital PDT certificates to our patients.

As the demand for quality, holistic and accessible healthcare remains a priority in Singapore, Healthway remains focused on our vision of empowering patients to lead healthier lives. This involves enhancing the patient journey by providing greater convenience through leveraging on advancements in medical technology and telemedicine.

Against the backdrop of a high national rate of inoculation and strong recovery in the broader economy in Singapore for the rest of this year and next year, Healthway continues to be upbeat about the performance and prospects for growth across its businesses. Healthway is also pursuing further expansion of its network of clinics. Despite the challenging climate, it recently opened a new health screening centre and a dental clinic in the Orchard Road area in July 2021 and will continue to look for opportunities to grow its presence in the Primary and Specialist healthcare segments.

To tackle the challenges lying ahead, the Group will remain nimble, prudent, and alert in all aspects of our operations while building on our foundation to deliver sustainable, long-term value to our shareholders.

8. Dividend information

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

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

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

Not applicable.

(b)(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) Book closure date

Not applicable.

**Other Information Required by Appendix 7C of the Catalist Rules
For the six-month financial period ended 30 June 2021**

9. 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 financial period as the Company intends to conserve cash for future business expansion opportunities.

10. If the Group has obtained a general mandate from shareholders for Interested Person Transactions (IPTs), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company does not have a general mandate from its shareholders for Interested Person Transactions ("IPT").

Pursuant to the Catalist Rules, there were no IPTs of S\$100,000 or more entered into by the Group during the interim period.

11. Use of Proceeds from Tranche 2 of Convertible Notes ("T2 CN B")

The net proceeds from the issuance of T2 CN B, which was completed on 21 April 2017, was approximately S\$59.8 million (after deducting estimated expenses of S\$0.2 million) ("**T2 Net Proceeds**"). On 29 December 2017, the Company announced certain reallocation of the T2 Net Proceeds. Subsequent thereto, the Company had on 8 August 2018 regrouped the initial intended use of proceeds ("**Regrouping**") and reallocate the balance unutilised proceeds ("**Further Re-Allocation**"). On 2 July 2019, the Company has extended the intended use of proceeds to include the acquisition of other business supplementary or complementary to the existing business of the Group ("**Change in Use**"). As at 10 August 2021, the T2 Net proceeds have been utilised as follows:

Intended purposes after Regrouping and Change in Use	Amount allocated after Regrouping and Further Re-allocation	Amount utilised as at 10 August 2021	Amount unutilised as at 10 August 2021
	(S\$ million)	(S\$ million)	(S\$ million)
Working capital	39.80	35.86 ⁽¹⁾	3.94
Acquisition and investment in GP and Specialist clinics and any other business supplementary or complementary to the existing business of the Group	20.00	5.52	14.48
	59.80	41.38	18.42

Note:-

(1) Mainly for the repayment of loans, payment of salaries, payments to suppliers and renovation costs.

The utilisation was in accordance with the intended purposes stated following the Change in Use as stated in the Company's announcement dated 2 July 2019.

**Other Information Required by Appendix 7C of the Catalist Rules
For the six-month financial period ended 30 June 2021**

12. Disclosures on Incorporation, Acquisition and Realisation of Shares pursuant to Rule 706A of the Catalist Rules

Not applicable. There was no incorporation of new entities, acquisition, and realisation of shares in 1H 2021.

13. Negative confirmation pursuant to Rule 705(5)

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 30 June 2021 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Chen Yeow Sin
Director

Anand Kumar
Director

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

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

BY ORDER OF THE BOARD

Chew Pei Tsing
Company Secretary

10 August 2021

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

The contact person for the Sponsor is Ms Foo Jien Jieng, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg