



TALKMED GROUP LIMITED
(Company Registration No. 201324565Z)

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	6 months ended 30 June 2022 ("1H 2022") \$'000 (Unaudited)	6 months ended 30 June 2021 ("1H 2021") \$'000 (Unaudited)	Increase / (Decrease) %
The Group				
Revenue	4	32,469	28,854	12.5%
Other items of income				
Interest income		148	138	7.2%
Other income		177	382	(53.7%)
Other items of expense				
Employee benefits expense		(13,361)	(12,304)	8.6%
Share-based payments expense		(261)	(283)	(7.8%)
Operating lease expense		(31)	(30)	3.3%
Depreciation of right-of-use assets		(1,011)	(1,065)	(5.1%)
Depreciation of plant and equipment		(267)	(134)	99.3%
Finance costs		(182)	(227)	(19.8%)
Other operating expenses		(2,196)	(2,448)	(10.3%)
Share of results of associate		(78)	(133)	(41.4%)
Share of results of joint ventures		(791)	(223)	254.7%
Profit before tax	6	14,616	12,527	16.7%
Income tax expense	7	(3,167)	(2,793)	13.4%
Profit for the period		11,449	9,734	17.6%

A. Condensed interim consolidated statement of profit or loss and other comprehensive income (cont'd)

The Group	1H 2022 \$'000 (Unaudited)	1H 2021 \$'000 (Unaudited)	Increase / (Decrease) %
Attributable to:			
Owners of the Company	12,130	10,810	12.2%
Non-controlling interests	(681)	(1,076)	(36.7%)
	11,449	9,734	17.6%
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	(34)	212	(116.0%)
Other comprehensive income for the period, net of tax	(34)	212	(116.0%)
Total comprehensive income for the period	11,415	9,946	14.8%
Attributable to:			
Owners of the Company	12,096	11,022	9.7%
Non-controlling interests	(681)	(1,076)	(36.7%)
Total comprehensive income for the period	11,415	9,946	14.8%

B. Condensed interim statements of financial position

	Note	Group		Company	
		30/06/2022 \$'000 (Unaudited)	31/12/2021 \$'000 (Audited)	30/06/2022 \$'000 (Unaudited)	31/12/2021 \$'000 (Audited)
ASSETS					
Non-current assets					
Plant and equipment	11	2,066	2,349	–	–
Right-of-use assets		5,186	6,165	–	–
Investment in subsidiaries	12	–	–	20,147	19,422
Investment in joint ventures		3,397	4,102	–	–
Investment in associate		2,164	2,242	11,399	11,399
Investment securities	14	1,093	1,093	1,093	1,093
Trade receivables		245	410	–	–
		<u>14,151</u>	<u>16,361</u>	<u>32,639</u>	<u>31,914</u>
Current assets					
Inventories		927	772	–	–
Prepaid operating expenses		455	486	12	19
Trade and other receivables		8,745	9,002	14,300	15,212
Cash and short-term deposits		83,746	82,164	709	757
		<u>93,873</u>	<u>92,424</u>	<u>15,021</u>	<u>15,988</u>
Total assets		<u>108,024</u>	<u>108,785</u>	<u>47,660</u>	<u>47,902</u>
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables		2,253	2,170	14	15
Other liabilities		4,258	4,218	189	218
Lease liabilities		2,001	1,975	–	–
Income tax payable		6,105	5,882	–	–
		<u>14,617</u>	<u>14,245</u>	<u>203</u>	<u>233</u>
Net current assets		<u>79,256</u>	<u>78,179</u>	<u>14,818</u>	<u>15,755</u>
Non-current liabilities					
Lease liabilities		3,514	4,493	–	–
Loan from non-controlling shareholder to subsidiary		2,615	2,547	–	–
		<u>6,129</u>	<u>7,040</u>	<u>–</u>	<u>–</u>
Total liabilities		<u>20,746</u>	<u>21,285</u>	<u>203</u>	<u>233</u>
Net assets		<u>87,278</u>	<u>87,500</u>	<u>47,457</u>	<u>47,669</u>

B. Condensed interim statements of financial position (cont'd)

	Note	Group		Company	
		30/06/2022 \$'000 (Unaudited)	31/12/2021 \$'000 (Audited)	30/06/2022 \$'000 (Unaudited)	31/12/2021 \$'000 (Audited)
Equity attributable to owners of the Company					
Share capital	13	24,997	24,505	24,997	24,505
Merger reserve		(2,311)	(2,311)	–	–
Share-based payments reserve		847	1,446	847	1,446
Other reserve		2,807	2,807	–	–
Foreign currency translation reserve		530	564	–	–
Retained earnings		63,731	63,167	21,613	21,718
		90,601	90,178	47,457	47,669
Non-controlling interests		(3,323)	(2,678)	–	–
Total equity		87,278	87,500	47,457	47,669
Total equity and liabilities		108,024	108,785	47,660	47,902

C. Condensed interim statements of changes in equity

The Group (Unaudited)	Note	Attributable to owners of the Company							Total equity \$'000
		Share capital \$'000	Merger reserve \$'000	Share- based payments reserve \$'000	Other reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Non- controlling interests \$'000	
Balance at 1 January 2022		24,505	(2,311)	1,446	2,807	564	63,167	(2,678)	87,500
Profit for the period		–	–	–	–	–	12,130	(681)	11,449
<u>Other comprehensive income</u>									
Foreign currency translation		–	–	–	–	(34)	–	–	(34)
Other comprehensive income for the period, net of tax		–	–	–	–	(34)	–	–	(34)
Total comprehensive income for the period		–	–	–	–	(34)	12,130	(681)	11,415
<u>Distributions to and contributions by owners</u>									
Dividends	8	–	–	–	–	–	(11,898)	–	(11,898)
Share-based payments		–	–	225	–	–	–	36	261
Lapsing of employee share options		–	–	(332)	–	–	332	–	–
Ordinary shares issued upon vesting of performance shares	13	492	–	(492)	–	–	–	–	–
Balance at 30 June 2022		24,997	(2,311)	847	2,807	530	63,731	(3,323)	87,278

C. Condensed interim statements of changes in equity (cont'd)

The Group (Unaudited)	Note	Attributable to owners of the Company							Non- controlling interests \$'000	Total equity \$'000
		Share capital \$'000	Merger reserve \$'000	Share- based payments reserve \$'000	Other reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000			
Balance at 1 January 2021		23,905	(2,311)	1,583	2,807	213	57,237	(4,679)	78,755	
Profit for the period		–	–	–	–	–	10,810	(1,076)	9,734	
<u>Other comprehensive income</u>										
Foreign currency translation		–	–	–	–	212	–	–	212	
Other comprehensive income for the period, net of tax		–	–	–	–	212	–	–	212	
Total comprehensive income for the period		–	–	–	–	212	10,810	(1,076)	9,946	
<u>Distributions to and contributions by owners</u>										
Dividends	8	–	–	–	–	–	(9,900)	–	(9,900)	
Share-based payments		–	–	283	–	–	–	–	283	
Contribution of capital by non-controlling shareholder		–	–	–	–	–	–	1,600	1,600	
Capitalisation of loans from non-controlling shareholder to a subsidiary		–	–	–	–	–	–	3,282	3,282	
Ordinary shares issued upon vesting of performance shares	13	600	–	(600)	–	–	–	–	–	
<u>Changes in ownership interests in subsidiary</u>										
Dilution in subsidiary without a loss in control		–	–	–	–	–	(44)	44	–	
Balance at 30 June 2021		24,505	(2,311)	1,266	2,807	425	58,103	(829)	83,966	

C. Condensed interim statements of changes in equity (cont'd)

The Company (Unaudited)	Note	Attributable to owners of the Company			Total equity \$'000
		Share capital \$'000	Share-based payments reserve \$'000	Retained earnings \$'000	
Balance at 1 January 2022		24,505	1,446	21,718	47,669
Profit for the period, representing total comprehensive income for the period		–	–	11,461	11,461
<u>Distributions to and contributions by owners</u>					
Dividends	8	–	–	(11,898)	(11,898)
Share-based payments		–	225	–	225
Ordinary shares issued upon vesting of performance shares	13	492	(492)	–	–
Lapsing of employee share options		–	(332)	332	–
Balance at 30 June 2022		24,997	847	21,613	47,457
Balance at 1 January 2021		23,905	1,583	17,592	43,080
Profit for the period, representing total comprehensive income for the period		–	–	1,289	1,289
<u>Distributions to and contributions by owners</u>					
Dividends	8	–	–	(9,900)	(9,900)
Share-based payments		–	273	–	273
Ordinary shares issued upon vesting of performance shares	13	600	(600)	–	–
Balance at 30 June 2021		24,505	1,256	8,981	34,742

D. Condensed interim consolidated statement of cash flows

The Group	Note	1H 2022 \$'000 (Unaudited)	1H 2021 \$'000 (Unaudited)
Operating Activities			
Profit before tax		14,616	12,527
<u>Adjustments for:</u>			
Depreciation of plant and equipment		267	134
Depreciation of right-of-use assets		1,011	1,065
Share-based payments expense		261	283
Finance costs on unwinding of discount adjustment of loans to subsidiaries	6	68	108
Finance costs on lease liabilities	6	114	119
Interest income		(148)	(138)
Share of results of associate		78	133
Share of results of joint ventures		791	223
Currency re-alignment		5	74
Operating cash flows before changes in working capital		17,063	14,528
Changes in working capital			
Increase in inventories		(155)	(43)
Decrease in prepaid operating expenses		31	112
Decrease in trade and other receivables		388	3,201
Increase in trade and other payables		83	222
Increase/(decrease) in other liabilities		40	(800)
Total changes in working capital		387	2,692
Cash flows generated from operations			
Interest received		182	168
Interest paid on lease liabilities		(114)	(119)
Income tax paid		(2,944)	(5,962)
Net cash flows generated from operating activities		14,574	11,307
Investing Activities			
Purchase of plant and equipment	11	(23)	(398)
Investment in joint venture		(86)	–
Net cash flows used in investing activities		(109)	(398)
Financing Activities			
Dividends paid on ordinary shares	8	(11,898) ⁽¹⁾	(9,900) ⁽²⁾
Proceeds from issuance of shares by a subsidiary to non-controlling shareholder		–	1,600
Payment for principal portion of lease liabilities		(985)	(1,094)
Net cash flows used in financing activities		(12,883)	(9,394)
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the period		1,582	1,515
Cash and cash equivalents at end of the period		82,164	79,430
		83,746	80,945

⁽¹⁾ The final dividend paid to shareholders and the proposed final dividend (as previously disclosed in the full year announcement for the year ended 31 December 2021) were S\$11,898,000 and S\$11,881,000 respectively. The difference of approximately \$17,000 between the final dividend paid and the proposed final dividend to be paid to shareholders for 2021 arose due to the dividends paid on 1,945,209 ordinary shares issued on 14 March 2022. 1,945,209 ordinary shares were allotted and issued on 14 March 2022 pursuant to the vesting of certain performance shares awarded to employees of the Group in March 2020. These newly allotted ordinary shares were eligible for the final dividend which was paid on 11 May 2022.

⁽²⁾ The final dividend paid to shareholders and the proposed final dividend (as previously disclosed in the full year announcement for the year ended 31 December 2020) were \$9,900,000 and \$9,885,000 respectively. The difference of approximately \$15,000 between the final dividend paid and the proposed final dividend to be paid to shareholders for 2020 arose due to the dividends paid on 1,966,931 ordinary shares issued on 15 March 2021. 1,966,931 ordinary shares were allotted and issued on 15 March 2021 pursuant to the vesting of certain performance shares awarded to employees of the Group in March 2020. These newly allotted ordinary shares were eligible for the final dividend which was paid on 11 May 2021.

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

TalkMed Group Limited (the “**Company**”) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The immediate and ultimate holding company is Ladyhill Holdings Pte. Ltd. which is incorporated in Singapore.

The registered office of the Company is at 101 Thomson Road, #09-02 United Square, Singapore 307591 and the principal place of business of the Group is at 3 Mount Elizabeth, Mount Elizabeth Hospital Level 2, Singapore 228510.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries, joint ventures and associate are:

- (a) Provision of specialist doctors and medical staff to operate Parkway Cancer Centre which is a division of Parkway Hospitals Singapore Pte. Ltd. for specialist oncology services;
- (b) Provision of specialised medical oncology services;
- (c) Provision of healthcare management services;
- (d) Provision of cellular and gene therapy related products and services; and
- (e) Provision of services to establish internet hospitals and to operate internet pharmacies.

These condensed interim consolidated financial statements as at and for the six months ended 30 June 2022 (“**1H 2022**”) comprise the Company and its subsidiaries (collectively, the “**Group**”).

2. Basis of preparation

The condensed interim financial statements for 1H 2022 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 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 condensed interim financial statements are presented in Singapore dollars (“**\$**”) which is the Company’s functional currency and all values are rounded to the nearest thousand (“**\$’000**”) as indicated.

2.1 New and amended standards adopted by the Group

A number of amendments to SFRS(I)s 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. Basis of preparation (cont'd)

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.

There were no significant judgements made by management in applying the Group's accounting policies for the condensed interim financial statements. 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 2021.

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.

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 12 – impairment assessment of investment in subsidiary and loan to subsidiary: key assumptions underlying recoverable amounts

3. Seasonal operations

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

4. Segment and revenue information

For management purposes, the Group is organised into business units based on their products and services, and has two reportable operating segments as follows:

i) Oncology services

Consultancy services

The Group provides specialist doctors and clinical staff to Parkway Cancer Centre ("**PCC**"), a division of Parkway Hospitals Singapore Pte. Ltd. for the provision of specialist medical oncology services ("**consultancy services**"). Revenue from the provision of such consultancy services to PCC is recognised when the services are rendered and is computed in accordance with the terms and conditions of the Consultancy Restatement Agreement.

The Group provides consultancy services to Thu Cuc International General Hospital ("**TCH**"), to enable TCH to operate a medical centre for the provision of oncology services in Hanoi, Vietnam. Revenue from the provision of such consultancy services to TCH is recognised when the services are rendered and is computed in accordance with the terms and conditions of the profit sharing agreement.

The Group provides consultancy services to its associate, Hong Kong Integrated Oncology Centre Holdings Limited ("**HKH**") for a fixed annual fee. Revenue from the provision of such consultancy services to HKH is recognised when the services are rendered.

The Group provides consultancy services to patients in Beijing and Chongqing, the People's Republic of China, through TalkMed Shanshui Medical Centre ("**TSMC**") and Sino-Singapore Cancer Centre ("**SSCC**") respectively. The business operations of TSMC and SSCC commenced during 1H 2021.

4. Segment and revenue information (cont'd)

i) Oncology services (cont'd)

Management fees

Revenue from management fees is derived from the billing of salaries, wages and employee benefits and rental of premises incurred from the provision of specialist medical oncology services by SCC's employees and specialist doctors to PCC and all expenses incurred from the provision of consultancy services by SCC's specialist doctors to TCH. Revenue from management fees is recognised when the services are rendered.

ii) Cellular and gene therapy related products and services

The provision of goods and services related to cellular and gene therapy is through its subsidiary, CellVec Pte. Ltd. ("CellVec"). Revenue from the manufacturing of cellular and gene therapy related products is recognised at the point in time when control of the products is transferred to the customer, generally on delivery of the products to the customer and when all criteria for acceptance have been satisfied. Revenue from provision of cellular and gene therapy related services is recognised over time as the customers simultaneously receive the benefits as it performs the services.

4.1 Reportable segments

	Group		
	Oncology services \$'000 (Unaudited)	Cellular and gene therapy related products and services \$'000 (Unaudited)	Per consolidated financial statements \$'000 (Unaudited)
1 January 2022 to 30 June 2022			
Revenue			
External customers, representing total revenue	31,259	1,210	32,469
Results			
Interest income	148	–	148
Employee benefits expense	11,931	1,430	13,361
Share-based payments expense	261	–	261
Depreciation of right-of-use assets	882	129	1,011
Depreciation of plant and equipment	266	1	267
Finance costs on lease liabilities	105	9	114
Finance costs on unwinding of discount adjustment of loan to subsidiary	–	68	68
Share of results of associate	78	–	78
Share of results of joint ventures	791	–	791
Income tax expense	3,167	–	3,167
Segment profit/(loss)	13,049	(1,600)	11,449
Assets			
Investment in associate	2,164	–	2,164
Investment in joint ventures	3,397	–	3,397
Investment securities	1,093	–	1,093
Segment assets	96,904	4,466	101,370
Total assets	103,558	4,466	108,024
Liabilities			
Segment liabilities	16,010	4,736	20,746

4. Segment and revenue information (cont'd)

4.1 Reportable segments (cont'd)

	Group			
	Oncology services \$'000 (Unaudited)	Stem cell related products and services \$'000 (Unaudited)	Cellular and gene therapy related products and services \$'000 (Unaudited)	Per consolidated financial statements \$'000 (Unaudited)
1 January 2021 to 30 June 2021				
Revenue				
External customers, representing total revenue	28,381	473	–	28,854
Results				
Interest income	136	–	2	138
Employee benefits expense	10,844	236	1,224	12,304
Share-based payments expense	283	–	–	283
Depreciation of right-of-use assets	861	104	100	1,065
Depreciation of plant and equipment	107	24	3	134
Finance costs on lease liabilities	103	6	10	119
Finance costs on unwinding of discount adjustment of loans to subsidiaries	–	43	65	108
Share of results of associate	133	–	–	133
Share of results of joint venture	223	–	–	223
Income tax expense	2,793	–	–	2,793
Segment profit/(loss)	12,247	(360)	(2,153)	9,734
Assets				
Investment in associate	2,166	–	–	2,166
Investment in joint venture	4,726	–	–	4,726
Segment assets	88,712	1,755	4,480	94,947
Total assets	95,604	1,755	4,480	101,839
Liabilities				
Segment liabilities	13,127	981	3,765	17,873

4.2 Disaggregation of revenue

The table below summarises information about the Group's revenues for 1H 2022 and 1H 2021 which are disaggregated by segments, geographical markets and the timing of transfer of goods or services (either at a point in time or over time).

	Group									
	Oncology services				Stem cell related products and services ⁽¹⁾		Cellular and gene therapy related products and services		Total revenue	
	Consultancy services		Management fees		1H 2022 \$'000	1H 2021 \$'000	1H 2022 \$'000	1H 2021 \$'000	1H 2022 \$'000	1H 2021 \$'000
	1H 2022 \$'000	1H 2021 \$'000	1H 2022 \$'000	1H 2021 \$'000						
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
Primary geographical markets										
Singapore	20,981	19,107	9,916	8,979	–	411	–	–	30,897	28,497
China and Hong Kong	256	167	66	63	–	–	–	–	322	230
Vietnam	31	46	9	19	–	4	–	–	40	69
Malaysia	–	–	–	–	–	32	–	–	–	32
Indonesia	–	–	–	–	–	5	–	–	–	5
Philippines	–	–	–	–	–	21	–	–	–	21
Australia	–	–	–	–	–	–	788	–	788	–
India	–	–	–	–	–	–	417	–	417	–
Others	–	–	–	–	–	–	5	–	5	–
	21,268	19,320	9,991	9,061	–	473	1,210	–	32,469	28,854
Timing of transfer of goods or services										
At a point in time	–	–	–	–	–	412	1,210	–	1,210	412
Over time	21,268	19,320	9,991	9,061	–	61	–	–	31,259	28,442
	21,268	19,320	9,991	9,061	–	473	1,210	–	32,469	28,854

Note:-

⁽¹⁾ In the financial year ended 31 December 2021, the Group disposed its entire equity interest in Stem Med Pte. Ltd. ("Stem Med"). Pursuant to the disposal, Stem Med and its subsidiaries, Stem Med Indonesia Pte. Ltd. and DrSG Cellular Wellness Pte. Ltd., ceased to be subsidiaries of the Group.

5. 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 2022 and 31 December 2021:

	Group		Company	
	30/06/2022 \$'000 (Unaudited)	31/12/2021 \$'000 (Audited)	30/06/2022 \$'000 (Unaudited)	31/12/2021 \$'000 (Audited)
Financial assets				
Trade and other receivables (current)	8,745	9,002	14,300	15,212
Trade and other receivables (non-current)	245	410	–	–
Cash and short-term deposits	83,746	82,164	709	757
Less: GST receivable	(49)	(34)	–	–
Less: Grants receivable	–	(177)	–	(177)
Total financial assets carried at amortised cost	92,687	91,365	15,009	15,792
Financial liabilities				
Trade and other payables	2,253	2,170	14	15
Accrued operating expenses	2,829	3,397	189	218
Lease liabilities	5,515	6,468	–	–
Loan from non-controlling shareholder to subsidiary	2,615	2,547	–	–
Less: GST payable	(1,150)	(899)	–	–
Total financial liabilities carried at amortised cost	12,062	13,683	203	233

6. Profit before tax

6.1 Significant items

	Group	
	1H 2022 \$'000 (Unaudited)	1H 2021 \$'000 (Unaudited)
Finance costs on:		
- Lease liabilities	114	119
- Unwinding of discount adjustment of loans to subsidiaries	68	108
	182	227

6. Profit before tax (cont'd)

6.2 Related party transactions

(a) Sales and purchases of goods and services

In addition to the related party information disclosed elsewhere in this set of interim financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during 1H 2022 and 1H 2021:

	Group	
	1H 2022	1H 2021
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Lease payments to directors and director-related companies	564	564
Lease payments to non-controlling shareholder	83	184
Service fees paid to non-controlling shareholder	–	88
Service fees paid to director-related companies	4	12
Payments made on behalf by non-controlling shareholder	–	11
Consultancy services rendered to associate	135	132
Stem cell processing fees charged to non-controlling shareholder	–	122

(b) Compensation of key management personnel

	Group	
	1H 2022	1H 2021
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Short-term employee benefits	3,516	3,371
Directors' fees – directors of the Company and subsidiaries	250	190
Central Provident Fund contributions	34	34
Share-based payments expense	31	14
	<hr/>	<hr/>
	3,831	3,609
	<hr/>	<hr/>
Comprised amounts paid/payable to:		
- Directors of the Company	2,959	2,900
- Other key management personnel	872	709
	<hr/>	<hr/>
	3,831	3,609
	<hr/>	<hr/>

7. Taxation

The Group calculates the income tax expense for 1H 2022 and 1H 2021 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	
	1H 2022	1H 2021
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Current income tax:		
- Current income taxation	3,167	2,761
- Under provision in respect of prior years	–	32
	<hr/>	<hr/>
Income tax expense recognised in profit or loss	3,167	2,793
	<hr/>	<hr/>

8. Dividends

	Group and Company	
	1H 2022	1H 2021
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Declared and paid:		
<i>Dividends on ordinary shares:</i>		
- Final exempt (one-tier) dividend for 2021: 0.90 cents (2020: 0.75 cents) per share	11,898 ⁽¹⁾	9,900 ⁽²⁾
Declared but not paid:		
- First interim exempt (one-tier) dividend for 2022: 1.50 cents (2021: 0.70 cents) per share	19,831	9,241
	<hr/>	<hr/>
	31,729	19,141
	<hr/>	<hr/>

⁽¹⁾ The final dividend paid to shareholders and the proposed final dividend (as previously disclosed in the full year announcement for the year ended 31 December 2021) were S\$11,898,000 and S\$11,881,000 respectively. The difference of approximately \$17,000 between the final dividend paid and the proposed final dividend to be paid to shareholders for 2021 arose due to the dividends paid on 1,945,209 ordinary shares issued on 14 March 2022. 1,945,209 ordinary shares were allotted and issued on 14 March 2022 pursuant to the vesting of certain performance shares awarded to employees of the Group in March 2020. These newly allotted ordinary shares were eligible for the final dividend which was paid on 11 May 2022.

⁽²⁾ The final dividend paid to shareholders and the proposed final dividend (as previously disclosed in the full year announcement for the year ended 31 December 2020) were \$9,900,000 and \$9,885,000 respectively. The difference of approximately \$15,000 between the final dividend paid and the proposed final dividend to be paid to shareholders for 2020 arose due to the dividends paid on 1,966,931 ordinary shares issued on 15 March 2021. 1,966,931 ordinary shares were allotted and issued on 15 March 2021 pursuant to the vesting of certain performance shares awarded to employees of the Group in March 2020. These newly allotted ordinary shares were eligible for the final dividend which was paid on 11 May 2021.

9. Earnings per share

The Group	1H 2022 (Unaudited)	1H 2021 (Unaudited)
Profit attributable to owners of the Company (\$'000)	12,130	10,810
Weighted average number of ordinary shares used in the computation of basic earnings per share	1,321,280,771	1,319,253,111
Basic earnings per share (cents)	0.92	0.82
Weighted average number of ordinary shares used in the computation of diluted earnings per share	1,328,956,501	1,326,517,960
Diluted earnings per share (cents)	0.91	0.81

10. Net asset value

	Group		Company	
	30/06/2022 (Unaudited)	31/12/2021 (Audited)	30/06/2022 (Unaudited)	31/12/2021 (Audited)
Net asset value attributable to owners of the Company (\$'000)	90,601	90,178	47,457	47,669
Net asset value per ordinary share at end of the financial period (cents)	6.85 ⁽¹⁾	6.83 ⁽²⁾	3.59 ⁽¹⁾	3.61 ⁽²⁾

⁽¹⁾The calculation of net asset value per ordinary share was based on 1,322,054,556 shares as at 30 June 2022.

⁽²⁾The calculation of net asset value per ordinary share was based on 1,320,109,347 shares as at 31 December 2021.

11. Plant and equipment

During 1H 2022, the Group acquired assets amounting to \$23,000 (1H 2021: \$398,000). There was no disposal of assets during 1H 2022 and 1H 2021.

12. Investment in subsidiaries

	Company	
	30/06/2022 \$'000 (Unaudited)	31/12/2021 \$'000 (Audited)
Equity shares, at cost	22,410	21,910
Discount on interest-free loan to subsidiary	960	960
Deemed contribution in respect of share-based payments to employees of Singapore Cancer Centre Pte. Ltd. ("SCC")	3,903	3,678
Impairment losses	(7,126)	(7,126)
	<u>20,147</u>	<u>19,422</u>

As at 30 June 2022, the Company's cost of investment in subsidiaries amounted to \$22,410,000 (2021: \$21,910,000). The increase in the cost of investment in subsidiaries was due to additional capital injection of \$500,000 in subsidiary, TalkMed Greater China Pte. Ltd..

During 1H 2022, the Company carried out an impairment review and assessed that no impairment loss was required on the carrying amount of the Company's investment in CellVec as the estimated value-in-use is positive.

12. Investment in subsidiaries (cont'd)

For the financial year ended 31 December 2021, due to the adverse impact of COVID-19 on the cellular and gene therapy segment and the continued losses incurred by this segment, the Company re-assessed the additional cost of investments injected during the year of \$4,200,000 in CellVec for impairment and accordingly, an impairment loss of \$2,400,000 was recognised in respect of these additional investments during the first half of the year.

Impairment test for investment in CellVec, including loan to CellVec

	Carrying amount		Basis on which recoverable amount is determined	Post-tax discount rate per annum	
	30/06/2022	31/12/2021		30/06/2022	31/12/2021
	\$'000	\$'000			
	(Unaudited)	(Audited)			
<u>Company</u>					
<u>CellVec</u>					
Investment in subsidiary	1,800	1,800	Value-in-use	20.3%	21.1%
Loan to subsidiary	–	–	Value-in-use	20.3%	21.1%

CellVec provides cellular and gene therapy related products and services. The recoverable amounts of the investment in CellVec and loan to CellVec have been determined based on value-in-use calculation using cash flow projections from financial budgets that were approved by management. For purpose of determining the value-in-use of the investment in CellVec, the cash flows beyond the initial five years were extrapolated using a long-term growth rate of 2.0% (2021: 2.0%) which was determined based on market information consistent for the industry it operates in. The cash flows for the initial five years included revenue growth rate of between 18% and 133% (2021: 3% and 1774%).

Based on the impairment review carried out during 1H 2022, the Company recognised impairment losses of \$102,000 in respect of the finance costs on unwinding of the discount adjustment of the Company's loan to CellVec. No reversal is required in respect of the impairment losses previously recognised on the Company's investment in CellVec and loan to CellVec, and the Group's plant and equipment.

For the financial year ended 31 December 2021, the Company recognised impairment losses of \$2,400,000 and \$193,000 in respect of the carrying amount of the Company's additional investments in CellVec and loan to CellVec respectively. The impairment losses represented the shortfall between the estimated value-in-use and carrying amounts of the Company's investment in CellVec and loan to CellVec.

Key assumptions used in the value-in-use calculations

Growth rates – The forecasted growth rates are based on published industry research and are comparable to the average growth rate for the industry relevant to the entity.

Post-tax discount rate – Discount rate represents the current market assessment of the risks specific to the entity, 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.

Summary of sensitivity to changes in assumptions

Management is of the view that no reasonably possible change in any of the above key assumptions would have an impact on the impairment assessment conclusion.

13. Share capital

	Group and Company			
	30/06/2022		31/12/2021	
	No. of shares		No. of shares	
	'000	\$'000	'000	\$'000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Issued and fully paid ordinary shares				
Beginning of period	1,320,109	24,505	1,318,055	23,905
Ordinary shares issued upon vesting of performance shares	1,945 ⁽¹⁾	492	2,054 ⁽²⁾	600
End of period	1,322,054	24,997	1,320,109	24,505

⁽¹⁾ 1,945,209 new ordinary shares were allotted and issued on 14 March 2022 pursuant to the vesting of certain performance shares awarded in March 2020.

⁽²⁾ A total of 2,054,568 new ordinary shares were issued during the period as a result of the following:

- 1,966,931 new ordinary shares have been allotted and issued on 15 March 2021 pursuant to the vesting of certain performance shares awarded in March 2020; and
- 87,637 new ordinary shares have been allotted and issued on 11 May 2021 pursuant to the vesting of certain performance shares awarded in May 2017.

There were no sales, transfers, cancellation and/or use of treasury shares nor subsidiary holdings during 1H 2022. As at 30 June 2022 and 30 June 2021, there were no treasury shares held by the Company and there were no subsidiary holdings.

14. Financial assets carried at fair value through other comprehensive income

Financial assets carried at fair value through other comprehensive income comprise the following:

	Group and Company	
	30/06/2022	31/12/2021
	\$'000	\$'000
	(Unaudited)	(Audited)
Investment securities	1,093	1,093

14.1 Fair value measurement

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date;

Level 2: Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

14. Financial assets carried at fair value through other comprehensive income (cont'd)

14.1 Fair value measurement (cont'd)

The following table shows an analysis of the assets and liabilities measured at fair value:

	Group and Company			Total \$'000
	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1) \$'000	Significant observable inputs other than quoted prices (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000	
30 June 2022 (Unaudited):				
<u>Assets</u>				
Investment securities	–	–	1,093	1,093
31 December 2021 (Audited):				
<u>Assets</u>				
Investment securities	–	–	1,093	1,093

14.2 Valuation techniques used to determine fair value

Information about significant unobservable inputs used in Level 3 fair value measurements

The investment securities are not traded in an active market. The fair value of the Group's investment securities as at 31 December 2021 was estimated with reference to the recent subscription price of shares issued close to the end of the financial year. There was no further issuance of shares subsequent to 31 December 2021. As at 30 June 2022, the Company believes that there are no circumstances that will result in a significant change in the fair value of the investment securities between 31 December 2021 and 30 June 2022. As the fair value of the investment securities is determined based on unobservable inputs, the fair value is classified as a Level 3 measurement.

15. Subsequent events

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

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

1. Review

The condensed consolidated statement of financial position of TalkMed Group Limited and its subsidiaries (collectively, the “**Group**”) as at 30 June 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Performance Review

Revenue

The Group’s revenue for 1H 2022 was \$32.47 million, an increase of \$3.62 million or 12.5% from \$28.85 million in 1H 2021. With the lifting of travel restrictions in April 2022 due to improvement in the Coronavirus disease (“**COVID-19**”) situation in Singapore, the number of patient visits increased compared to the same corresponding period last year.

Revenue of \$1.21 million was derived from our 60%-owned subsidiary, CellVec, for cellular and gene therapy products and services during 1H 2022. There was no revenue from cellular and gene therapy products and services during 1H 2021.

Other items of income

Interest income

Interest income increased by \$0.01 million or 7.2% from \$0.14 million in 1H 2021 to \$0.15 million in 1H 2022. The increase was mainly due to more fixed deposits placed in 1H 2022.

Other income

The Group’s other income comprised government-paid childcare and maternity leave, government grant under Special Employment Credit, Wage Credit Scheme and Jobs Growth Incentive as well as Enterprise Development Grant.

Other income decreased by some \$0.21 million or 53.7% from \$0.38 million in 1H 2021 to \$0.18 million in 1H 2022. The decrease was mainly due to the absence of grant received under Jobs Support Scheme in 1H 2022.

Other items of expense

Employee benefits expense

Employee benefits expense comprised remuneration paid to doctors, nurses as well as other support staff. These included salaries and wages, allowances, CPF contributions, bonuses and staff benefits.

Employee benefits increased by \$1.06 million or 8.6% from \$12.30 million in 1H 2021 to \$13.36 million in 1H 2022. The increase was mainly due to higher bonus provision.

Performance Review (cont'd)

Other items of expense (cont'd)

Share-based payments expense

Share-based payments to employees related mainly to:

- Options that were granted on 10 May 2019 under the Company's employee share option scheme;
- Performance shares that were granted on 13 March 2020 and 15 October 2021 under the Company's performance share plan; and
- Performance shares that were granted on 25 April 2021 under a subsidiary's performance share plan.

It decreased by \$0.02 million or 7.8% from \$0.28 million in 1H 2021 to \$0.26 million in 1H 2022. The decrease was mainly due to the decrease in number of options left to be vested in 1H 2022 as compared to 1H 2021.

Depreciation of right-of-use assets

The Group recorded depreciation of right-of-use assets of \$1.01 million in 1H 2022, a decrease of some \$0.05 million or 5.1% from \$1.07 million in 1H 2021.

Depreciation of plant and equipment

Depreciation of plant and equipment increased by some \$0.13 million or 99.3% from \$0.13 million in 1H 2021 to \$0.27 million in 1H 2022. The increase was mainly due to higher depreciation expense incurred by a China subsidiary.

Finance costs

Finance costs mainly related to unwinding of discount adjustment of loans to subsidiaries and lease liabilities. Finance costs decreased by \$0.05 million or 19.8% from \$0.23 million in 1H 2021 to \$0.18 million in 1H 2022 mainly due to the decrease in finance costs on unwinding of discount adjustment of loans to subsidiaries.

Other operating expenses

Other operating expenses comprised mainly professional and consultancy fees, directors' fees, donation made, advertising and marketing expenses, utilities expenses, repair and maintenance costs as well as laboratory consumables and services fees.

Other operating expenses decreased by \$0.25 million or 10.3% from \$2.45 million in 1H 2021 to \$2.20 million in 1H 2022. This decrease was due to the disposal of Stem Med Pte. Ltd. in the financial year ended 31 December 2021, partially offset by higher expenses, such as overseas travelling expenses following the lifting of travel restrictions, directors' fees and laboratory consumable and services fees, incurred by the Group.

Performance Review (cont'd)

Share of results of associate

The Group's share of loss after tax of its associate, Hong Kong Integrated Oncology Centre Holdings Limited was \$0.08 million in 1H 2022. This was a decrease of some \$0.06 million or 41.4% as compared to \$0.13 million in 1H 2021.

Share of results of joint ventures

The Group's share of loss after tax of its joint ventures, Sino-Singapore Hospital Management (Chongqing) Co., Ltd. and Chongqing Medtech Health Management Co., Ltd., was \$0.79 million in 1H 2022. This was an increase of \$0.57 million or 254.7% as compared to \$0.22 million in 1H 2021.

Income tax expense

Income tax expense increased by some \$0.37 million or 13.4% from \$2.79 million in 1H 2021 to \$3.17 million in 1H 2022 due to higher profits of its subsidiary, SCC, in 1H 2022. The effective tax rate for 1H 2022 was 21.7% as compared to 22.3% in 1H 2021.

Profit after tax

The Group recorded profit after tax of \$11.45 million in 1H 2022 as compared to \$9.73 million in 1H 2021, an increase of \$1.72 million or 17.6%. The reasons for the increase have been discussed above.

Review of the Group's Financial Position

Non-current assets

The Group's non-current assets comprised plant and equipment, right-of-use assets, investment in joint ventures, investment in associate, investment securities and trade receivables. Non-current assets decreased by some \$2.21 million which was attributable to the following:

- Decrease in the carrying amount of plant and equipment of \$0.28 million;
- Decrease in right-of-use assets of \$0.98 million;
- Decrease in the carrying amount of investment in joint ventures of \$0.71 million which arose mainly from the share of loss for 1H 2022;
- Decrease in the carrying amount of investment in associate of \$0.08 million which arose from the share of loss for 1H 2022; and
- Decrease in trade receivables of \$0.17 million.

Review of the Group's Financial Position (cont'd)

Current assets

Current assets comprised inventories, prepaid operating expenses, trade and other receivables and cash and short-term deposits. Current assets increased by \$1.45 million which was attributable to the following:

- Increase in inventories of \$0.16 million; and
- Increase in cash and short-term deposits of \$1.58 million.

These were partially offset by the following:

- Decrease in trade and other receivables of \$0.26 million; and
- Decrease in prepaid operating expenses of \$0.03 million.

The decrease in trade and other receivables was mainly attributable to the lower outstanding balances from trade debtors.

Current liabilities

Current liabilities comprised trade and other payables, other liabilities, lease liabilities and income tax payable. Current liabilities increased by \$0.37 million which was attributable to the following:

- Increase in trade and other payables of \$0.08 million mainly due to higher GST payable;
- Increase in other liabilities of \$0.04 million mainly due to the increase in deferred revenue;
- Increase in lease liabilities of \$0.03 million; and
- Increase in income tax payable of \$0.22 million due to the income tax provision in respect of the half year ended 30 June 2022 offset by the payment of income tax for the financial year ended 31 December 2021.

Non-current liabilities

Non-current liabilities comprised lease liabilities and loan from non-controlling shareholder to subsidiary. Non-current liabilities decreased by \$0.91 million mainly due to the decrease in lease liabilities of \$0.98 million, partially offset by the increase in loan from non-controlling shareholder to subsidiary of \$0.07 million (due to the unwinding of discount adjustment of loan from non-controlling shareholder to subsidiary).

Equity attributable to owners of the Company

The increase was mainly attributable to profits earned during the period, partially offset by the final dividends paid to shareholders in respect of the financial year ended 31 December 2021.

Review of the Group's Financial Position (cont'd)

Non-controlling interests

This related to the 40% non-controlling interests' share in the net equity of CellVec as well as the share-based payments (arising from the award of performance shares) of its subsidiary, TalkMed China Pte. Ltd..

Review of the Group's Cash Flows

Operating activities

Net cash flows from operating activities amounted to some \$14.57 million. This comprised operating cash flows before changes in working capital of \$17.06 million, net changes in working capital of \$0.39 million and interest received of \$0.18 million, less interest paid on lease liabilities of \$0.11 million and income tax paid of \$2.94 million.

The net decrease in working capital of some \$0.39 million was mainly due to the following:

- Decrease in trade and other receivables of \$0.39 million;
- Decrease in prepaid operating expenses of \$0.03 million;
- Increase in trade and other payables of \$0.08 million; and
- Increase in other liabilities of \$0.04 million.

These were partially offset by the increase in inventories of \$0.16 million.

Investing activities

Net cash flows used in investing activities of \$0.11 million was mainly attributable to the additional investment in joint venture, Chongqing Medtech Health Management Co., Ltd..

Financing activities

Net cash flows used in financing activities amounted to some \$12.88 million. This was attributable to the payment of final dividends of \$11.90 million to shareholders in respect of the financial year ended 31 December 2021 and the payment for principal portion of lease liabilities of \$0.99 million.

Net increase in cash and cash equivalents

The reasons for the net increase in cash and cash equivalents of \$1.58 million for 1H 2022 have been discussed above. Cash and cash equivalents totalled \$83.75 million as at 30 June 2022.

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

Not applicable.

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.

In Singapore, as the COVID-19 situation stabilised and community and border measures were eased at the end of March 2022, we have seen a gradual return of patients from the region to our centres and this has lifted our centres' financial performance. The cellular and gene therapy industry also made headway with the number of clinical trials seeing a gradual pick-up as the world transitions to living with COVID-19. This has translated into revenue of some \$1.21 million for our 60%-owned subsidiary, CellVec, during 1H 2022 compared to none during 1H 2021.

In Hong Kong, the fifth COVID-19 wave saw a spike in the number of COVID-19 cases in late January 2022 which continued into March 2022. The Hong Kong government responded with stricter safe-distancing measures, including, among others, a ban on evening dine-in services and other recreational activities as well as school closures. Border measures which included flight bans and hotel quarantine of up to two weeks for incoming travellers were also put in place and these measures continued to limit the number of foreign patients, particularly those from mainland China, to seek treatment at our Hong Kong centres. These measures were subsequently relaxed in April 2022. Notwithstanding these restrictions, our Hong Kong centres saw an improvement in their financial performances as seen from the decrease in our share of associate's loss for 1H 2022 as compared to 1H 2021 as they continue to focus on the local patient segment.

Barring any unforeseen circumstances, we are cautiously hopeful for the good performances to continue during the second half of 2022. The Company will continue to monitor the COVID-19 situation closely and the Board will provide further updates as and when any material developments arise.

5. Dividend information

(a) Any dividend declared or recommended for the current financial period reported on

Yes, the Board has declared an interim cash dividend in respect of the financial year ending 31 December 2022 as follows:

Name of dividend	Interim dividend
Dividend type	Cash
Dividend rate	\$0.015 per ordinary share
Tax rate	Tax exempt (one-tier)

(b) Any dividend declared for the corresponding period of the immediately preceding financial year

Yes.

Name of dividend	Interim dividend
Dividend type	Cash
Dividend rate	\$0.007 per ordinary share
Tax rate	Tax exempt (one-tier)

(c) The date the dividend is payable

Dividend will be paid on 22 August 2022.

5. Dividend information (cont'd)

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

The Share Transfer Books and Register of Members of the Company will be closed at 5:00 p.m. on 12 August 2022 for the purpose of determining entitlements of ordinary shareholders to the tax exempt (one-tier) interim dividend in respect of the financial year ending 31 December 2022.

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

Not applicable.

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

The Group does not have a general mandate from its shareholders for Interested Person Transactions pursuant to Rule 920(1)(a)(ii).

8. Confirmation pursuant to Rule 720(1)

TalkMed Group Limited confirms that undertakings under Rule 720(1) have been obtained from all directors and executive officers in the format set out in form Appendix 7H.

9. Confirmation pursuant to Rule 705(5)

The Board of Directors of the Company hereby confirms that to the best of their knowledge, nothing has come to their attention which may render the unaudited interim financial statements of the Group and the Company for 1H 2022 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Ang Peng Tiam
Chief Executive Officer
2 August 2022