



SINGAPORE PAINCARE HOLDINGS LIMITED
Company Registration No. 201843233N
(Incorporated in the Republic of Singapore)

UNAUDITED FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

*Singapore Paincare Holdings Limited (the "**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 30 July 2020. The initial public offering of the Company (the "**IPO**") was sponsored by Novus Corporate Finance Pte. Ltd. (the "**Sponsor**").*

This announcement has been prepared by the Company and reviewed by the Sponsor in compliance with Rule 226(2)(b) of the SGX-ST Listing Manual Section B: Rules of Catalist.

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

The contact person for the Sponsor is Mr. Pong Chen Yih, Chief Operating Officer, at 9 Raffles Place, #17-05 Republic Plaza Tower 1, Singapore 048619, telephone (65) 6950 2188.

Background

The Company was incorporated on 31 December 2018 in Singapore under the Singapore Companies Act as a private company limited by shares under the name of "Singapore Paincare Holdings Pte. Ltd.". On 16 June 2020, the Company was converted into a public company and was renamed "Singapore Paincare Holdings Limited".

The Company, its subsidiaries and associated company (the "**Group**") is a medical services group primarily engaged in the provision of pain care services, primary care and other services including, among others, minimally invasive procedures, general medical consultations, management of chronic and acute conditions.

Prior to the listing on the Catalist of the SGX-ST on 30 July 2020, the Group undertook a restructuring exercise (the "**Restructuring Exercise**"). Please refer to the Company's offer document dated 13 July 2020 (the "**Offer Document**") for further details on the Restructuring Exercise. As such, the results of the Group for the financial year ended 30 June 2020 ("**FY2020**") were presented in a manner on the basis that the Restructuring Exercise had been completed.



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PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS QUARTERLY (Q1, Q2, Q3), AND FULL YEAR RESULTS

1(a) (i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Note	12 Months Ended 30 June		Change %
		2020 \$	2019 \$	
Revenue		9,645,856	3,888,001	148.09
Other items of income				
Other income	1	914,769	447,155	104.58
Items of expense				
Changes in inventories		222,010	(846)	>100
Inventories and consumables used		(2,417,203)	(696,806)	246.90
Employee benefits expense		(2,806,692)	(838,695)	234.65
Depreciation and amortisation expense	2	(780,494)	(17,261)	>100
Operating lease expenses		(3,159)	(408,000)	(99.23)
Other expenses	3	(2,456,987)	(970,130)	153.26
Finance costs	4	(180,322)	(11,053)	>100
Share of profits of associates, net of tax		263,982	-	N.M.
Profit before income tax		2,401,760	1,392,365	72.49
Income tax expense	5	(524,165)	(136,823)	283.10
Profit and total comprehensive income attributable to owners of the Company		1,877,595	1,255,542	49.54
<i>N.M.- Not meaningful</i>				



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(a) (ii) Notes to Income Statement

(1) Other income

	Group	
	12 Months Ended	
	2020	2019
	\$	\$
Government grants	273,354	7,173
Sponsorship income	22,522	-
Reversal of impairment on doubtful receivables	22,219	-
Management fees	18,500	-
Interest income	1,482	-
Dividend income	-	120,000
Fair value gain on financial assets at FVTPL	-	235,000
Gain on derecognition of redeemable convertible loan	489,516	-
Others	87,176	84,982
Total other income	914,769	447,155

(2) Depreciation and amortisation expenses

	Group	
	12 Months Ended	
	2020	2019
	\$	\$
Depreciation of plant and equipment	29,616	17,261
Depreciation of right-of-use assets	571,975	-
Amortisation of intangible assets	178,903	-
Total depreciation and amortisation expenses	780,494	17,261

(3) Other expenses mainly comprise the following:

	Group	
	12 Months Ended	
	2020	2019
	\$	\$
Professional fees	1,376,640	207,039
Administrative charges	185,093	40,959
Marketing fees	39,189	138,662
Fair value loss on derivative financial instruments	404,000	-
Credit card fees	29,935	19,254



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1(a) (ii) Notes to Income Statement (Contd.):

(4) Finance costs

	Group	
	12 Months Ended	
	2020	2019
	\$	\$
Term loan interest	12,242	11,053
Provision for reinstatement cost	182	-
Lease interest expense	49,992	-
Redeemable convertible loan	117,906	-
	180,322	11,053

(5) Income tax expense

	Group	
	12 Months Ended	
	2020	2019
	\$	\$
Current income tax		
- current financial year	562,708	136,823
- over provision in prior financial year	(9,543)	-
Deferred tax		
- current financial year	(29,000)	-
Total income tax expense recognised in profit or loss	524,165	136,823



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1(b) (i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statements of Financial Position

	Note	Group			Company		
		As At 30/06/20	As At 30/06/19	As At 30/06/18	As At 30/06/20	As At 30/06/19	As At 30/06/18
		\$	\$	\$	\$	\$	\$
ASSETS							
Non-current assets							
Plant and equipment		2,024,008	20,729	30,667	61,644	5,408	-
Investment in subsidiaries		-	-	-	12,026,480	-	-
Investment in associate		2,069,782	-	-	1,805,800	-	-
Intangible assets		6,190,273	-	-	187,097	-	-
Financial assets at fair value through profit or loss ("FVTPL")		-	235,000	-	-	-	-
		10,284,063	255,729	30,667	14,081,021	5,408	-
Current assets							
Inventories		859,501	123,334	124,180	-	-	-
Trade and other receivables	1	987,566	1,047,881	1,762,059	2,922,054	9,350	-
Prepayments		27,473	8,761	2,221	642	-	-
Cash and cash equivalents		4,953,967	1,243,695	789,544	1,286,499	15,890	-
		6,828,507	2,423,671	2,678,004	4,209,195	25,240	-
TOTAL ASSETS		17,112,570	2,679,400	2,708,671	18,290,216	30,648	-
EQUITY AND LIABILITIES							
Equity							
Share capital		13,797,282	6	4	13,797,282	2	-
Merger reserve		(5,552,876)	-	-	-	-	-
Other reserve		177,484	-	-	412,484	-	-
Retained earnings		2,178,680	301,085	760,543	1,171,422	(96,106)	-
Total equity		10,600,570	301,091	760,547	15,381,188	(96,104)	-
Non-current liabilities							
Bank borrowing		-	-	1,200,830	-	-	-
Lease liabilities		1,479,965	-	-	34,638	-	-
Provision		29,530	-	-	-	-	-
		1,509,495	-	1,200,830	34,638	-	-
Current liabilities							
Trade and other payables	2	968,234	238,872	505,521	293,087	126,752	-
Bank borrowings		-	1,995,878	28,079	-	-	-
Lease liabilities		591,243	-	-	26,397	-	-
Redeemable convertible loan		2,554,906	-	-	2,554,906	-	-
Current income tax payables		888,122	143,559	213,694	-	-	-
		5,002,505	2,378,309	747,294	2,874,390	126,752	-
TOTAL LIABILITIES		6,512,000	2,378,309	1,948,124	2,909,028	126,752	-
TOTAL EQUITY AND LIABILITIES		17,112,570	2,679,400	2,708,671	18,290,216	30,648	-



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Notes to Statements of Financial Position

(1) Trade and other receivables

	Group		
	As At 30/06/20	As At 30/06/19	As At 30/06/18
	\$	\$	\$
Current			
Trade receivables	847,518	502,130	274,855
Less: Loss allowance on doubtful receivables	(56,242)	(78,461)	(32,354)
	791,276	423,669	242,501
Other receivables			
-third parties	26,169	11,094	-
-related parties	-	-	1,517,856
-director	-	608,299	-
Deposits	17,861	4,819	1,702
Grant receivable in respect of Job Support Scheme ("JSS")	130,597	-	-
Lease receivables	21,663	-	-
Total trade and other receivables	987,566	1,047,881	1,762,059

(2) Trade and other payables

	Group		
	As At 30/06/20	As At 30/06/19	As At 30/06/18
	\$	\$	\$
Trade payables	101,961	2,389	37,764
Goods and service tax payable, net	98,900	44,645	40,802
	200,861	47,034	78,566
Other payables			
-third parties	325,329	94,052	-
-director	-	-	381,328
-related parties	-	26,387	8,013
Deferred income on JSS	124,823	-	-
Accrued expenses	289,030	43,597	13,480
Contract liabilities	28,191	27,802	24,134
Total trade and other payables	968,234	238,872	505,521



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- 1(b) (ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

	Group		
	As At 30/06/20	As At 30/06/19	As At 30/06/18
	\$	\$	\$
Amount repayable in one year or less, or on demand			
- Secured	-	1,197,691	28,079
- Unsecured	2,554,906	798,187	-
	2,554,906	1,995,878	28,079
Amount repayable after one year			
- Secured	-	-	1,200,830
- Unsecured	-	-	-
	-	-	1,200,830
Total borrowings	2,554,906	1,995,878	1,228,909

Details of any collateral:

In prior financial years, the borrowing was secured by first legal mortgage on the property of a related party and a personal guarantee by a director of the Company.



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1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	12 Months Ended 30 June	
	2020	2019
Operating activities:		
Profit before income tax	\$ 2,401,760	\$ 1,392,365
Adjustments for:		
Depreciation of plant and equipment	29,616	17,261
Depreciation of right-of-use assets	571,975	-
Amortisation of intangible assets	178,903	-
Interest expense	180,322	11,053
Gain on derecognition of redeemable convertible loan	(489,516)	-
Fair value loss on derivative financial instrument	404,000	-
Reversal of impairment on doubtful receivables	(22,219)	-
Loss on lease modification	13,971	-
Loss allowance on doubtful receivables	-	46,107
Bad debts written-off	-	9,054
Dividend income	-	(120,000)
Fair value gain on financial asset at FVTPL	-	(235,000)
Share of profit of associates, net of tax	(263,982)	-
Operating cash flows before working capital changes	3,004,830	1,120,840
Inventories	(222,010)	846
Trade and other receivables	142,515	31,880
Trade and other payables	(106,656)	(274,420)
Prepayments	(18,712)	(6,540)
Cash generated from operations	2,799,967	872,606
Income tax paid	(399,673)	(206,958)
Net cash from operating activities	2,400,294	665,648
Investing activities:		
Acquisition of subsidiaries, net of cash acquired	412,711	-
Dividend received	-	120,000
Investment in financial asset at FVTPL	-	(630,000)
Consideration received from investment in financial asset at FVTPL	-	630,000
Advances to related parties	-	(200,000)
Purchase of plant and equipment	(5,516)	(7,323)
Net cash from/(used in) investing activities	407,195	(87,323)
Financing activities:		
Dividends paid to a director	(630,000)	(887,863)
Income tax indemnity	308,000	-
Proceeds from issuance of shares	-	2
Proceeds from borrowings	-	828,853
Advances from director	-	7,771
Repayment from director	9,355	-
Repayment of principal portion of lease liabilities	(583,307)	-
Repayment of interest portion of lease liabilities	(49,992)	-
Repayment of bank borrowings	(839,031)	(61,884)
Proceeds from redeemable convertible loan	2,700,000	-
Interest paid	(12,242)	(11,053)
Net cash from/(used in) financing activities	902,783	(124,174)
Net change in cash and cash equivalents	3,710,272	454,151
Cash and cash equivalents at beginning of financial year	1,243,695	789,544
Cash and cash equivalents at end of financial year	4,953,967	1,243,695



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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statements of Changes in Equity

Group	Share capital	Merger reserve	Other Reserve	Retained earnings	Total equity
	\$	\$	\$	\$	\$
Balance at 1 July 2018	4	-	-	760,543	760,547
Profit for the financial year	-	-	-	1,255,542	1,255,542
Total comprehensive income for the year	-	-	-	1,255,542	1,255,542
Contributions by and distributions to owners					
Issue of shares	2	-	-	-	2
Dividends	-	-	-	(1,715,000)	(1,715,000)
Total transaction with owner of the Company	2	-	-	(1,715,000)	(1,714,998)
Balance at 30 June 2019	6	-	-	301,085	301,091
Balance at 1 July 2019	6	-	-	301,085	301,091
Profit for the financial year	-	-	-	1,877,595	1,877,595
Total comprehensive income for the year	-	-	-	1,877,595	1,877,595
Contribution by owners					
Adjustment pursuant to restructuring exercise	13,597,276	(5,552,876)	-	-	8,044,400
Issue of shares	200,000	-	-	-	200,000
Recognition of equity component of redeemable convertible loan	-	-	177,484	-	177,484
Total transaction with owner of the Company	13,797,276	(5,552,876)	177,484	-	8,421,884
Balance at 30 June 2020	13,797,282	(5,552,876)	177,484	2,178,680	10,600,570



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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statements of Changes in Equity (Contd.)

COMPANY	Share capital	Other reserve	Accumulated loss/ Retained earnings	Total
	\$	\$	\$	\$
Balance at 1 July 2018	-	-	-	-
Loss for the financial year	-	-	(96,106)	(96,106)
Total comprehensive income for the year	-	-	(96,106)	(96,106)
Contribution by owners				
Issue of shares	2	-	-	2
Total transactions with owners	2	-	-	2
Balance at 30 June 2019	2	-	(96,106)	(96,104)
Balance at 1 July 2019	2	-	(96,106)	(96,104)
Profit for the financial year	-	-	1,267,528	1,267,528
Total comprehensive income for the year	-	-	1,267,528	1,267,528
Contribution by owners				
Issue of shares	200,000	-	-	200,000
Adjustment pursuant to restructuring exercise	13,597,280	235,000	-	13,832,280
Recognition of equity component of redeemable convertible loan	-	177,484	-	177,484
Total transactions with owners	13,797,280	412,484	-	14,209,764
Balance at 30 June 2020	13,797,282	412,484	1,171,422	15,381,188



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1(d)(ii) **Details of any changes in the company’s share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Share capital- ordinary shares

	Number of issued shares	Issued and paid up share capital (\$)
Issued and fully paid up share at date of incorporation	2	2
Issuance of shares pursuant to restructuring exercise (<i>Note</i>)	99,998	3,431,896
Issuance of consideration shares for trademark acquisition	3,458	200,000
Total as at 30 June 2020	103,458	3,631,898

Note: The above amount excluded fair value adjustment in share capital amounting to \$10.17 million which relates to the issue of shares on 5 July 2019 pursuant to the Restructuring Agreement in accordance with SFRS(I) 3 Business Combination.

Convertibles

As at 30 June 2020, the Company has outstanding redeemable convertible loans convertible into 20,454,542 shares in the capital of the Company (“**Shares**”) (the “**Redeemable Convertible Loan**”) (30 June 2019: Nil). The Redeemable Convertible Loan had been converted into ordinary shares on 13 July 2020. Please refer to the Offer Document for more details on the Redeemable Convertible Loan.

The Company had on 16 June 2020 adopted the SPCH Performance Share Plan and the SPCH Share Option Scheme. No awards or options had been granted for the financial period reported on.

Treasury shares and subsidiary holdings

The Company did not have any treasury shares and subsidiary holdings as at 30 June 2020 and 30 June 2019.



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1(d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial year and as at the end of the immediately preceding year.

The total number of issued ordinary shares as at 30 June 2020 was 103,458 (30 June 2019: 2).

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

Not applicable. The Company did not have any treasury shares during, and at the end of, the financial period reported on.

1(d)(v) 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 as at the end of the current financial period reported on.

2. 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.

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

Not applicable.

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, and (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 a going concern.

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in paragraph 5 below, the accounting policies and method of computation adopted in the financial statements for the reporting period are consistent with those disclosed in the most recently audited combined financial statements for the financial year ended 30 June 2019.



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5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted all the applicable new and revised Singapore Financial Reporting Standards (“SFRS”) and Interpretations of Financial Reporting Standards (“SFRS (I) INT”) that are mandatory for the accounting periods beginning on or after 1 July 2019. The adoption of these new and revised SFRS and SFRS (I) INT did not result in any substantial change to the Group’s and the Company’s accounting policies and has no significant impact on the financial statements for the current financial reporting period except below.

The Group has adopted the new Singapore Financial Reporting Standards (International) (“SFRS(I)”) 16 Leases on 1 July 2019, using the modified retrospective approach. It requires a lessee to recognise a right-of-use asset representing its right-of-use over the underlying asset and a lease liability representing its obligation to make lease payments, except for certain short-term leases and leases of low-value assets. From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under SFRS(I) 16. The Group has not restated comparatives for the previous corresponding period as permitted under SFRS(I) 16.

Leases are recognised as right-of-use assets and the obligation to make lease payments are recorded as lease liabilities which were measured as the present value of the remaining lease payments on 1 January 2019. Each lease payment is allocated between the lease liability and finance cost. The latter is charged to profit or loss. The right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line-basis.

The effect of adopting SFRS(I) 16 as at 1 July 2019 was increasing the line items of the Statement of Financial Position as follows:

	SFRS (I) 16 adjustment (increase)
	\$
Non-current assets	
Rights-of-use assets	2,397,817
Non-current liabilities	
Lease liabilities	1,990,960
Current liabilities	
Lease liabilities	406,857



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6. 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.

- (a) based on the weighted average number of ordinary shares in issue; and
- (b) on a fully diluted basis (detailing any adjustments made to the earnings).

	Group	
	12 Months Ended 30 June	
<u>Earnings per share</u>	2020	2019
(i) Basic (cents)	3.09 ⁽¹⁾	25.97 ⁽²⁾
(ii) On a fully diluted basis (cents)	2.40 ⁽³⁾	25.97 ⁽⁴⁾

- 1) For comparative and illustrative purposes, the weighted average of ordinary shares in issue for the financial year ended 30 June 2020 was computed based on 60,789,576 ordinary shares, assuming the share split exercise of sub-dividing each existing ordinary shares into 1,095 shares ("Share Split") occurred at the beginning of FY2020, adjusted for issue of (i) 6,113,385 ordinary shares (post Share Split) pursuant to Restructuring Exercise, which issued on 5 July 2019, (ii) 98,550,000 ordinary shares (post Share Split) pursuant to Restructuring Exercise, which issued on 1 April 2020, and (iii) 3,786,510 ordinary shares (post Share Split) pursuant to acquisition of an intangible asset on 1 April 2020.
- 2) For comparative and illustrative purposes, the weighted average number of ordinary shares in issue for the financial year ended 30 June 2019 was computed based on 4,836,615 ordinary shares before the issue of shares in item (1) above and had been retrospectively adjusted to reflect (i) the issuance of 4,834,425 new ordinary shares pursuant to the Restructuring Exercise; and (ii) the share split exercise, assuming such transactions occurred at the beginning of FY2019.
- 3) The fully diluted EPS was adjusted for the impact from the redeemable convertible loan outstanding as at 30 June 2020. The weighted average number of ordinary shares in issue of 79,618,963 included the adjustment of the effect of redeemable convertible loan of 18,829,387 shares.
- 4) The basic and fully dilutive earnings per share were the same as there are no dilutive ordinary shares in issue as at 30 June 2019.



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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	
	As at 30/06/20	As at 30/06/19	As at 30/06/20	As at 30/06/19
Net assets/(liabilities) value per ordinary share based on issued share capital (\$)	102	150,546	149	(48,052)
Number of shares in issue	103,458	2	103,458	2

8. **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 following:**
 (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 affect the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Review on Group's Financial Results

Full Year ended 30 June 2020 (FY2020) vs Full Year ended 30 June 2019 (FY2019)

The Group revenue increased significantly by approximately \$5.76 million or 148.07% from \$3.89 million in FY2019 to \$9.65 million in FY2020 following the completion of the Restructuring Exercise on 5 July 2019 with the revenue contribution from the newly acquired subsidiaries, namely, Lian Clinic Pte. Ltd., HMC Medical Pte. Ltd., AE Medical Fernvale Pte. Ltd., and AE Medical Sengkang Private Limited (the "**New Subsidiaries**").

Other income increased by \$0.46 million from \$0.45 million in FY2019 to \$0.91 million in FY2020 was mainly due to (i) gain on derecognition of redeemable convertible loan of \$0.49 million, (ii) increase in government grants of \$0.27 million, and (iii) an aggregate increase in sponsorship income, reversal of impairment on doubtful receivables and management fees of \$0.06 million. The increase was partially offset by the absence of dividend income and fair value gain on financial assets at FVTPL of \$0.12 million and \$0.24 million respectively.

Changes in inventories and inventories and consumables used increased by \$1.50 million from \$0.70 million in FY2019 to \$2.20 million in FY2020 was mainly due to inventories consumed by the New Subsidiaries.

Employee benefits expenses increased by \$1.97 million from \$0.84 million in FY2019 to \$2.81 million in FY2020 was mainly due to the increase in the Group's headcount from 10 in FY2019 to 42 in FY2020, following the completion of the Restructuring Exercise on 5 July 2019 with more clinics and business activities operating in the Group.



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8. Review on Group's Financial Results (Contd.)

Full Year ended 30 June 2020 (FY2020) vs Full Year ended 30 June 2019 (FY2019) (Contd.)

Depreciation and amortisation expense increased by \$0.76 million was mainly due to the adoption of SFRS(1) 16 Leases in FY2020, which resulted in additional depreciation charge amounted to approximately \$0.57 million upon the recognition of right-of-use (ROU) assets and the amortisation of intangibles assets amounted to \$0.18 million.

Operating lease expenses decreased by \$0.40 million with the adoption of SFRS(I) 16 Leases, whereby all leases are recognised as ROU assets and the obligation to make lease payments are recorded as lease liabilities.

Other expenses increased by \$1.49 million from \$0.97 million in FY2019 to \$2.46 million in FY2020. The increase was mainly due to the increase in professional fees which included listing expenses of \$1.17 million and fair value loss on derivative financial instrument arising from the convertible loan of \$0.40 million partially offset by the marginal decrease in marketing fees of \$0.1 million.

Finance costs incurred in FY2020 of \$0.18 million was related to interest incurred on term loan of \$0.01 million, lease interest expense of \$0.05 million and interest expense on redeemable convertible loan of \$0.12 million.

Share of profits of associates of \$0.26 million in FY2020 was derived from Sen Med Holdings Pte Ltd, following the acquisition of 45% of its equity interest in July 2019.

Income tax expense increased by \$0.38 million from \$0.14 million in FY2019 to \$0.52 million in FY2020. The effective income tax rate has increased from 9.83% in FY2019 to 21.82% in FY2020 mainly due non-deductible expenses incurred by the Company (as an investment holding company).

As a result of the above, the Group reported a profit before income tax of \$2.40 million in FY2020 as compared to \$1.39 million in FY2019. The profit for the year was \$1.88 million in FY2020 as compared to \$1.26 million in FY2019. Excluding IPO expenses of \$1.23 million, the Group profit before income tax and profit for the year would be \$3.63 million and \$3.11 million respectively.

Review of Statements of Financial Position

As at 30 June 2020 (FY2020) vs As at 30 June 2019 (FY2019)

Non-Current Assets

The increase in plant and equipment was mainly due to the inclusion of the ROU assets following the adoption of the SFRS(I) 16 Leases in FY2020.

Investment in associate relates to the 45% equity interest in our associated company, Sen Med Holdings Pte Ltd, which was acquired in July 2019.

Intangible assets comprise goodwill arising from the acquisition of subsidiaries and trademarks of \$6.00 million and \$0.19 million respectively.



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8. Review of Statements of Financial Position (Contd.)

As at 30 June 2020 (FY2020) vs As at 30 June 2019 (FY2019) (Contd.)

Current Assets

Inventories, comprise mainly medicines, increased by \$0.74 million due to the inclusion of medicines held by the New Subsidiaries.

Trade and other receivables comprise of trade receivables and other receivables of \$0.79 million and \$0.20 million respectively. The decrease in trade and other receivables of \$0.06 million was mainly due to decrease in amount due from director of \$0.61 million partially offset by an increase in trade receivables of \$0.37 million and other receivables of \$0.18 million.

Cash and cash equivalents of \$4.95 million mainly comprise of cash at bank.

Equity

Share capital increased to \$13.80 million as at 30 June 2020 following the completion of Restructuring Exercise by issuance new ordinary shares for a total of approximately \$13.6 million and the trademark acquisition of \$0.2 million.

Merger reserve represents the difference between the consideration paid and the issued share capital of subsidiaries under common control that are accounted for by applying the “pooling-of-interest” method.

Other reserve arose from the recognition of equity component of redeemable convertible loan.

Liabilities

Lease liabilities arose as a result of the adoption of SFRS(I) 16 Leases, whereby all leases are recognised as ROU assets and the obligation to make lease payments are recorded as lease liabilities.

Trade and other payables increased by \$0.73 million was mainly due to the increase in trade payables of \$0.1 million, increase in deferred income on Job Support Scheme of \$0.12 million, increase in amount due for professional fees of \$0.18 million, and accrual for bonus and professional fee of \$0.29 million.

The redeemable convertible loan of \$2.55 million arose pursuant to a Convertible Loan Agreement entered by the Company with the pre-placement investors on 30 July 2019 (as amended on 12 May 2020). Please refer to the section entitled “Restructuring Exercise” of the Offer Document for further details.



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8. Review of Statements of Cash Flows

The net cash from operating activities of \$2.40 million was mainly derived from operating cash flows before working capital changes of \$3.00 million, and adjusted for net working capital outflow of \$0.20 million and income tax paid of approximately \$0.40 million.

Net cash from investing activities of \$0.41 million was mainly due to net cash acquired in relation to the acquisition of the New Subsidiaries.

Net cash from financing activities amounted to \$0.90 million was mainly due to income tax indemnity received of \$0.31 million as well as proceeds from the redeemable convertible loan of \$2.70 million. The amounts were partially offset by the payment of interest expense of \$0.01 million, repayment of bank borrowings of \$0.84 million, repayment of lease liabilities of \$0.63 and dividends paid of \$0.63 million.

Overall, the Group recorded a net increase in cash and cash equivalents of approximately S\$3.71 million during FY2020.

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

Not applicable as no specific forecast or a prospect statement has been issued previously.

10. 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

Outlook

In view of the recent announcement made in relation to the easing of tighter circuit breaker measures, the Group expects that the business operations of the Group will gradually improve. However, due to the current travel restriction imposed, the Group continues to experience a decrease in the number of foreign patients seeking pain care services at the Group's specialist clinics. Notwithstanding the aforementioned, the Group does not expect such impact to be long term.

In view of the current economic condition, the Group will be cautious in expanding the business operation locally and regionally.



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11. Dividend

If a decision regarding dividend has been made: -

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

Yes.

Name of Dividend	:	Proposed Final
Dividend Type	:	Ordinary
Dividend Amount per Share	:	0.70 cent per ordinary share (one tier tax)
Tax Rate	:	Tax exempt

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

0.70 cent per ordinary share.

- (ii) Previous corresponding period (cents)

Nil.

- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (if the dividend is not taxable in the hands of shareholders, this must be stated)

Please refer to paragraph 11(a).

- (d) Date payable

The date of payment of the proposed final dividend, if approved at the annual general meeting, will be announced at a later date.

- (e) Record date

The record date will be announced at a later date.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.



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13. If the group has obtained a general mandate from shareholder for interested persons transactions (“IPT”), 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 shareholders’ for interested person transactions.

Name of Interested Persons and Transactions	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920) (\$’000)	Aggregate value of all interested person transactions conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) (S\$’000)
MedBridge Marketing Pte. Ltd. ⁽¹⁾	373	-

Note:

- (1) Rental of the units at 290 Orchard Road, #18-03, Singapore 238859 and 38 Irrawaddy Road, #07-33, Singapore 329563 from MedBridge Marketing Pte. Ltd., which is 100% owned by Lee Mun Kam Bernard, the Executive Director and Chief Executive Officer of the Company. Please refer to the Offer Document for more details.

14. **Use of IPO proceeds**

As at the date of this announcement, the net IPO proceeds have not yet been utilized. The use of net IPO proceeds will be communicated as and when material disbursement of funds are made (if any) and/or at the next half year financial result announcement.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

15. **Segmented revenue and results for operating segments (of the group) in the form presented in the issuer’s most recently audited annual financial statements, with comparative information for the immediately preceding year.**

The Group has only one primary business segment, which is the healthcare segment. Accordingly, no segmental information is prepared based on business segment as it is not meaningful.



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

Not applicable.

17. A breakdown of sales

	FY2020 \$'000	FY2019 \$'000	Increase / (Decrease) %
(a) Sales reported for first half year	5,133	1,982	158.98
(b) Operating profit after tax reported for first half year	1,142	616	85.39
(c) Sales reported for second half year	4,513	1,906	136.78
(d) Operating profit after tax reported for second half year	736	640	15.00

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

	FY2020 \$'000	FY2019 \$'000
Ordinary shares (tax exempt 1-tier)		
-Interim	-	-
-Final (Proposed)	1,131 ⁽¹⁾	-
Total Annual Dividend	1,131	-

Note:-

(1) The proposed final ordinary dividend for FY2020 is based on 161,623,416 number of shares as at 30 July 2020.

19 Incorporation of a Subsidiary and Acquisition of Business and Assets

The Company and a general practitioner of the Group had on 11 August 2020 incorporated a subsidiary in Singapore known as GM Medical Paincare Pte. Ltd. ("GMMP").

GMMP has an issued and paid-up capital of \$100.00 comprising 100 ordinary shares of which 51% of the shares are held by the Company and the remaining 49% of the shares are held by the general practitioner.



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19 Incorporation of a Subsidiary and Acquisition of Business and Assets (Contd.)

The principal activities of GMMP is in the operation of medical clinics and the provision of medical services.

GMMP had on 27 August 2020 entered into a sale and purchase agreement to acquire the business and assets in respect of C.M.C. Wong Binjai Clinic from Dr. Wong Mei Chun (the “**Acquisition**”) for a total cash consideration of \$220,000, payable on completion of the Acquisition. The consideration was arrived at on a willing-buyer willing-seller basis, taking into account, *inter alia*, the unaudited profit after tax of the business for the financial year ended 31 December 2019.

The incorporation of GMMP and the Acquisition was funded through internal resources of the Group and is not expected to have any material impact on the consolidated net tangible assets and earnings per share of the Group for the current financial year ending 30 June 2021.

None of the directors (other than in the capacity as a director or shareholder of the Company) or controlling shareholders of the Company has any interest, direct or indirect, in the Acquisition.

20. Undertakings from Directors and Executive Officers Pursuant to Rule 720(1) of the SGX-ST Listing Manual.

The Company confirmed that it had procured undertakings from all Directors and Executive Officers under Rule 720(1).

21. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Wong Jing Yi Joyce	43	Wife of Dr. Loh Foo Keong Jeffrey, the Executive Director and Chief Operating Officer of the Company	Senior Clinic Manager of Lian Clinic Pte. Ltd. Duties: In charge for the operation of Lian Clinic since January 2016.	No change

By Order of the Board

Lee Mun Kam Bernard,
Executive Director and Chief Executive Officer
27 August 2020