



HC Surgical Specialists Limited

**Condensed interim financial statements
For the six months ended 30 November 2024**

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

	Note	Group		Change %
		6 months ended		
		30 November 2024 (Unaudited) S\$'000	30 November 2023 (Unaudited) S\$'000	
Revenue	4.2	9,942	9,619	3.4%
Other items of income				
Other income		907	740	22.6%
Fair value gain on financial assets at FVTPL		129	825	-84.4%
Items of expense				
Changes in inventories		12	(42)	N.M.
Inventories, consumables and surgery expenses		(1,553)	(1,583)	-1.9%
Employee benefits expense		(3,566)	(3,370)	5.8%
Depreciation and amortisation		(908)	(886)	2.5%
Lease expenses		(12)	(11)	9.1%
Fair value loss on derivative financial instruments		(429)	-	N.M.
Loss arising from deemed disposal in an associate		(204)	-	N.M.
Other expenses		(816)	(842)	-3.1%
Finance costs		(192)	(285)	-32.6%
Share of results of associates, net of tax		195	(50)	N.M.
Share of results of a joint venture, net of tax		304	(33)	N.M.
Profit before income tax	6.1	3,809	4,082	-6.7%
Income tax expense	7	(183)	(507)	-63.9%
Profit for the financial period, representing total comprehensive income for the financial period		3,626	3,575	1.4%
Profit and total comprehensive income attributable to:				
Owners of the parent		3,381	3,452	-2.1%
Non-controlling interests		245	123	99.2%
		3,626	3,575	1.4%
Earnings per share (in cents)				
- Basic and diluted	9	2.20	2.29	-3.9%

N.M. – Not meaningful

B. Condensed interim statements of financial position

	Note	Group		Company	
		30 November 2024	31 May 2024	30 November 2024	31 May 2024
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Non-current assets					
Plant and equipment	11	872	1,022	17	9
Intangible assets	12	3,420	3,358	-	-
Right-of-use assets		3,287	2,954	135	167
Investments in subsidiaries	13	-	-	14,227	13,464
Investment in associates	14	2,739	2,785	2,739	2,785
Investment in joint venture		486	182	486	182
Financial assets at FVTPL	15	6,400	6,077	6,400	6,077
Deferred tax assets		12	17	-	-
Derivative financial instruments	16	400	491	401	492
Other receivables		58	80	166	80
		17,674	16,966	24,571	23,256
Current assets					
Inventories		379	367	-	-
Trade and other receivables		2,236	1,882	2,007	2,576
Prepayments		257	228	128	75
Derivative financial instruments	16	-	338	-	770
Financial assets at FVTPL	15	450	701	450	701
Cash and bank balances		4,218	7,362	1,242	4,083
		7,540	10,878	3,827	8,205
Total assets		25,214	27,844	28,398	31,461
EQUITY AND LIABILITIES					
Equity					
Share capital	17	17,231	17,231	17,231	17,231
Treasury shares		(996)	(996)	(996)	(996)
Merger reserve		(815)	(815)	-	-
Capital reserve	18	(14,390)	(13,652)	(164)	(164)
Other reserve	19	(594)	(1,629)	-	-
Retained earnings		16,855	14,551	8,693	8,750
Equity attributable to owners of the parent		17,291	14,690	24,764	24,821
Non-controlling interests		(129)	(216)	-	-
Total equity		17,162	14,474	24,764	24,821

B. Condensed interim statements of financial position (continued)

	Note	Group		Company	
		30 November 2024 (Unaudited) S\$'000	31 May 2024 (Audited) S\$'000	30 November 2024 (Unaudited) S\$'000	31 May 2024 (Audited) S\$'000
Non-current liabilities					
Deferred tax liabilities		175	200	-	-
Derivative financial instruments	16	606	606	606	606
Provisions		160	160	8	8
Lease liabilities		1,911	1,863	182	106
		<u>2,852</u>	<u>2,829</u>	<u>796</u>	<u>720</u>
Current liabilities					
Trade and other payables		2,315	6,063	1,818	4,282
Bank borrowing	21	647	1,288	647	1,288
Other financial liabilities	20	-	1,035	-	-
Lease liabilities		1,501	1,185	188	98
Current income tax payable		737	970	185	252
		<u>5,200</u>	<u>10,541</u>	<u>2,838</u>	<u>5,920</u>
Total liabilities		<u>8,052</u>	<u>13,370</u>	<u>3,634</u>	<u>6,640</u>
Total equity and liabilities		<u>25,214</u>	<u>27,844</u>	<u>28,398</u>	<u>31,461</u>

C. Condensed interim statements of changes in equity

Group (Unaudited)	Note	Share capital	Treasury shares	Merger reserve	Capital reserve	Other reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 June 2024		17,231	(996)	(815)	(13,652)	(1,629)	14,551	14,690	(216)	14,474
Profit for the financial period		-	-	-	-	-	3,381	3,381	245	3,626
Total comprehensive income for the financial period		-	-	-	-	-	3,381	3,381	245	3,626
Distributions to owners										
Dividends	8	-	-	-	-	-	(1,077)	(1,077)	-	(1,077)
Total transactions with owners		-	-	-	-	-	(1,077)	(1,077)	-	(1,077)
Transactions with non-controlling interests										
Acquisition of non-controlling interests without a change in control		-	-	-	(738)	1,035	-	297	87	384
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	(245)	(245)
Total transactions with non-controlling interests		-	-	-	(738)	1,035	-	297	(158)	139
Balance at 30 November 2024		17,231	(996)	(815)	(14,390)	(594)	16,855	17,291	(129)	17,162
Group (Unaudited)										
Group (Unaudited)	Note	Share capital	Treasury shares	Merger reserve	Capital reserve	Other reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 June 2023		15,419	(996)	(815)	(13,652)	(1,172)	13,320	12,104	(21)	12,083
Profit for the financial period		-	-	-	-	-	3,452	3,452	123	3,575
Total comprehensive income for the financial period		-	-	-	-	-	3,452	3,452	123	3,575
Distributions to owners										
Dividends	8	-	-	-	-	-	(1,538)	(1,538)	-	(1,538)
Total transactions with owners		-	-	-	-	-	(1,538)	(1,538)	-	(1,538)
Transactions with non-controlling interests										
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	(132)	(132)
Total transactions with non-controlling interests		-	-	-	-	-	-	-	(132)	(132)
Others										
Present value of forward purchase contract		-	-	-	-	(23)	-	(23)	-	(23)
Issue of shares pursuant to deferred consideration		1,812	-	-	-	-	-	1,812	-	1,812
Total others		1,812	-	-	-	(23)	-	1,789	-	1,789
Balance at 30 November 2023		17,231	(996)	(815)	(13,652)	(1,195)	15,234	15,807	(30)	15,777

C. Condensed interim statements of changes in equity (continued)

Company (Unaudited)	Note	Share capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
Balance at 1 June 2024		17,231	(996)	(164)	8,750	24,821
Profit for the financial period		-	-	-	1,020	1,020
Total comprehensive income for the financial period		-	-	-	1,020	1,020
Distributions to owners						
Dividends	8	-	-	-	(1,077)	(1,077)
Total transactions with owners		-	-	-	(1,077)	(1,077)
Balance at 30 November 2024		17,231	(996)	(164)	8,693	24,764

Company (Unaudited)	Note	Share capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
Balance at 1 June 2023		15,419	(996)	(164)	7,310	21,569
Profit for the financial period		-	-	-	3,941	3,941
Total comprehensive income for the financial period		-	-	-	3,941	3,941
Distributions to owners						
Dividends	8	-	-	-	(1,538)	(1,538)
Total transactions with owners		-	-	-	(1,538)	(1,538)
Others						
Issue of shares pursuant to deferred consideration		1,812	-	-	-	1,812
Total others		1,812	-	-	-	1,812
Balance at 30 November 2023		17,231	(996)	(164)	9,713	25,784

D. Condensed interim consolidated statement of cash flows for the Group

	6 months ended	
	30 November 2024 (Unaudited) S\$'000	30 November 2023 (Unaudited) S\$'000
Operating activities		
Profit before income tax	3,809	4,082
Adjustments for:		
Reversal of allowance for impairment loss on plant and equipment	(6)	-
Third parties trade receivables written off	-	4
Depreciation of plant and equipment	199	250
Depreciation of right-of-use assets	709	636
Dividend income from financial assets at FVTPL	(505)	(578)
Fair value loss on derivative financial instruments	429	-
Fair value gain on financial assets at FVTPL	(129)	(825)
Gain on disposal of investment in financial assets at FVTPL	-	(8)
Gain on disposal of plant and equipment	-	(1)
Loss on lease modification	-	27
Gain on redemption of debt instruments at amortised cost	-	(117)
Loss arising from deemed disposal in an associate	204	-
Interest expense	192	285
Interest income	(30)	(69)
Inventories written off	1	-
Plant and equipment written off	21	2
Reversal of provision for reinstatement cost not utilised	-	(13)
Share of results of associates, net of tax	(195)	50
Share of results of a joint venture, net of tax	(304)	33
Operating cash flows before working capital changes	4,395	3,758
Working capital changes:		
Inventories	99	42
Trade and other receivables	481	87
Prepayments	(27)	5
Trade and other payables	(1,232)	(1,047)
Cash generated from operations	3,716	2,845
Income tax paid	(442)	(511)
Net cash from operating activities	3,274	2,334
Investing activities		
Acquisition of non-controlling interests in subsidiaries	(696)	-
Acquisition of a subsidiary, net of cash acquired	55	-
Dividend received from financial assets at FVTPL	253	325
Interest received	26	95
Payment of deferred consideration	(3,315)	(2,826)
Proceeds from capital reduction in financial assets at FVTPL	40	48
Proceeds from disposal of plant and equipment	-	1
Proceeds from disposal of investment in financial assets at FVTPL	-	1,360
Proceeds from maturity of debt instruments at amortised cost	-	2,000
Purchase of plant and equipment	(46)	(31)
Net cash (used in)/from investing activities	(3,683)	972

D. Condensed interim consolidated statement of cash flows for the Group (continued)

	6 months ended	
	30 November 2024	30 November 2023
	(Unaudited)	(Unaudited)
	S\$'000	S\$'000
Financing activities		
Dividends paid to owners of the parent	(1,077)	(1,538)
Dividends paid to non-controlling interests	(245)	(132)
Interest paid	(10)	(23)
Repayment of bank borrowing	(641)	(628)
Repayment of principal portion of lease liabilities	(699)	(616)
Repayment of interest portion of lease liabilities	(63)	(60)
Net cash used in financing activities	(2,735)	(2,997)
Net change in cash and cash equivalents	(3,144)	309
Cash and cash equivalents at beginning of financial period	7,362	6,187
Cash and cash equivalents at end of financial period	4,218	6,496

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

HC Surgical Specialists Limited (the “**Company**”) is a public limited company incorporated and domiciled in Singapore. The Company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). These condensed interim consolidated financial statements as at and for the six months ended 30 November 2024 comprise the Company and its subsidiaries (collectively, the “**Group**”).

The primary activity of the Company is that of an investment holding company. The principal activities of the Group are those of providing specialised medical services (including day surgical centres), clinics and other general medical services.

The financial information contained in this announcement has neither been audited nor reviewed by the Company's auditors. The latest audited annual financial statements of the Group were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 November 2024 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The 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 latest audited annual financial statements for the year ended 31 May 2024.

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 dollar which is the Company's functional currency.

2.1 New and amended standards adopted by the Group

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

2.2 Use of judgements and estimates

In preparing the 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 May 2024.

E. Notes to the condensed interim consolidated financial statements (continued)

2. Basis of Preparation (continued)

2.2 Use of judgements and estimates (continued)

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 notes:

- Note 12 – Impairment of goodwill
- Note 13 – Impairment of investments in subsidiaries
- Note 14 – Impairment of investment in associates
- Note 16 – Fair value of derivative financial instruments (“DFI”)

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

4.1 Business and geographical segments

Not applicable, the Group has only a single business segment and one geographical segment.

4.2 Disaggregation of revenue

	Group	
	6 months ended	
	30 November 2024	30 November 2023
	(Unaudited)	(Unaudited)
	S\$'000	S\$'000
<u>Type of goods or services</u>		
Provision of medical services	9,942	9,619
<u>Timing of transfer of goods and services</u>		
Point in time	9,942	9,619

E. Notes to the condensed interim consolidated financial statements (continued)

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 November 2024 and 31 May 2024:

	Group		Company	
	30 November 2024 (Unaudited) S\$'000	31 May 2024 (Audited) S\$'000	30 November 2024 (Unaudited) S\$'000	31 May 2024 (Audited) S\$'000
Financial Assets				
Fair value through profit or loss				
- Derivative financial instruments	400	829	401	1,262
Financial assets at FVTPL	6,850	6,778	6,850	6,778
Financial assets at amortised cost	6,512	9,324	3,415	6,739
	<u>13,762</u>	<u>16,931</u>	<u>10,666</u>	<u>14,779</u>
Financial Liabilities				
Financial liabilities designated at FVTPL	606	606	606	606
Other financial liabilities at amortised cost	6,016	11,049	2,640	5,571
	<u>6,622</u>	<u>11,655</u>	<u>3,246</u>	<u>6,177</u>

6. Profit before income tax

6.1 Significant items

	Group	
	30 November 2024 (Unaudited) S\$'000	30 November 2023 (Unaudited) S\$'000
Other income		
Government grants	15	15
Other grants	128	-
Dividend income	505	578
Interest income	30	69
Other expenses		
Reversal of allowance for impairment loss on plant and equipment	(6)	-
Administrative charges	61	57
Third parties trade receivables written off	-	4
Credit card charges	75	76
Gain on disposal of plant and equipment	-	(1)
Loss on lease modification	-	27
IT expenses	49	40
Plant and equipment written off	21	2
Professional fees	114	225

6.2 Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

E. Notes to the condensed interim consolidated financial statements (continued)

7. Income tax expense

	Group	
	6 months ended	
	30 November 2024	30 November 2023
	(Unaudited)	(Unaudited)
	S\$'000	S\$'000
<u>Current income tax</u>		
- current financial year	537	495
- (over)/under provision in prior financial years	(328)	14
	<u>209</u>	<u>509</u>
<u>Deferred tax</u>		
- current financial year	(26)	(2)
	<u>(26)</u>	<u>(2)</u>
Total income tax expense recognised in consolidated statement of comprehensive income	<u><u>183</u></u>	<u><u>507</u></u>

8. Dividends

	Group	
	6 months ended	
	30 November 2024	30 November 2023
	(Unaudited)	(Unaudited)
	S\$'000	S\$'000
Final tax-exempt dividend of S\$0.010 per ordinary share for financial year ended 31 May 2023	-	1,538
Final tax-exempt dividend of S\$0.007 per ordinary share for financial year ended 31 May 2024	1,077	-
	<u>1,077</u>	<u>1,538</u>
Dividend amount per share (net of tax) (in S\$ cents)	<u><u>0.70</u></u>	<u><u>1.00</u></u>

9. Earnings per share

	Group	
	6 months ended	
	30 November 2024	30 November 2023
	(Unaudited)	(Unaudited)
Earnings per share ("EPS")		
Profit attributable to owners of the parent (S\$)	3,381,000	3,452,000
Weighted average number of ordinary shares in issue	153,806,507	150,772,008
Basic EPS (cents per share)	2.20	2.29
Fully diluted EPS (cents per share)	<u>2.20</u>	<u>2.29</u>

The calculations of basic earnings per share for the relevant periods are based on profit attributable to owners of the parent for the financial period ended divided by the weighted average number of ordinary shares in the relevant periods.

The diluted earnings per share for the relevant periods are the same as the basic earnings per share as the Group does not have any dilutive options for the relevant periods.

E. Notes to the condensed interim consolidated financial statements (continued)

10. Net asset value

Net asset value ("NAV")	Group		Company	
	30 November 2024 (Unaudited)	31 May 2024 (Audited)	30 November 2024 (Unaudited)	31 May 2024 (Audited)
NAV (S\$)	17,291,000	14,690,000	24,764,000	24,821,000
Number of ordinary shares in issue (excluding treasury shares)	153,806,507	153,806,507	153,806,507	153,806,507
NAV per ordinary share (S\$ cents)	11.24	9.55	16.10	16.14

11. Plant and equipment

During the six months ended 30 November 2024, the Group acquired assets amounting to S\$46,000 (30 November 2023: S\$31,000), disposed assets amounting to S\$Nil (30 November 2023: S\$1,000) and wrote off assets amounting to S\$21,000 (30 November 2023: S\$2,000).

12. Intangible assets

	Group		
	Goodwill S\$'000	Computer software S\$'000	Total S\$'000
At 30 November 2024			
Cost			
Balance at 1 June 2024	5,917	31	5,948
Arising from acquisition of a subsidiary	62	-	62
Balance at 30 November 2024	5,979	31	6,010
Accumulated amortisation and impairment			
Balance at beginning and end of financial period	2,559	31	2,590
Net carrying amount			
Balance at 30 November 2024	3,420	-	3,420
At 31 May 2024			
Cost			
Balance at 1 June 2023 and 31 May 2024	5,917	31	5,948
Accumulated amortisation and impairment			
Balance at beginning and end of financial year	2,559	31	2,590
Net carrying amount			
Balance at 31 May 2024	3,358	-	3,358

E. Notes to the condensed interim consolidated financial statements (continued)

12. Intangible assets (continued)

	Company	
	Computer software	
	30 November 2024 (Unaudited) S\$'000	31 May 2024 (Audited) S\$'000
Cost		
Balance at beginning and end of financial period/year	13	13
Accumulated amortisation		
Balance at beginning and end of financial period/year	13	13
Net carrying amount		
Balance at end of financial period/year	-	-

Goodwill arising from the business combinations was related to acquisition of subsidiaries, of which, each subsidiary is an individual cash-generating unit ("CGU") that are expected to benefit from the business combinations. The carrying amount of goodwill had been allocated as follows:

	Group	
	30 November 2024 (Unaudited) S\$'000	31 May 2024 (Audited) S\$'000
	Name of subsidiaries	
LAI BEC Pte. Ltd. ("LBPL")	815	815
Medical L & C Services Pte. Ltd. ("MLCS")	640	640
Medical Services @ Tampines Pte. Ltd. ("MST")	344	344
Jason Lim Endoscopy and Surgery Pte. Ltd. ("JLES")	828	828
GMH Endoscopy & Surgery Pte. Ltd. ("GMH")	731	731
Medistar Services Pte. Ltd. ("MDS")	62	-
	3,420	3,358

Impairment test for goodwill

As at 30 November 2024, the recoverable amount of the CGU has been determined based on value-in-use calculations using management-approved discounted cash flow projections covering a period of 5 years (31 May 2024: 5 years) and projected to terminal year. Management assessed 5 years cash flows and projection to terminal year for the financial forecast of the CGU is appropriate considering management's business plan in the near future. The growth rates did not exceed the long-term average growth rate for the CGU.

E. Notes to the condensed interim consolidated financial statements (continued)

12. Intangible assets (continued)

Impairment test for goodwill (continued)

Key assumptions used for value-in-use calculations:

	Revenue growth rates		Discount rate	
	30 November 2024 (Unaudited)	31 May 2024 (Audited)	30 November 2024 (Unaudited)	31 May 2024 (Audited)
LBPL	2%	2%	10.2%	10.2%
JOES	n.a.	n.a.	n.a.	n.a.
MLCS	4%	4%	10.2%	10.2%
MST	2%	2%	10.2%	10.2%
JLES	4.5%	4.5%	10.2%	10.2%
GMH	6%	6%	10.2%	10.2%
MDS	3%	n.a.	10.2%	n.a.

Revenue growth rates – The forecasted growth rates are based on management’s expectations for each CGU with reference to the historical trends as well as average growth rates of the industry.

Discount rate – Management estimates discount rates that reflect current market assessments of the time value of money and the risks specific to the CGUs.

As at the end of the reporting period, the recoverable amount of the CGUs based on value-in-use calculations has been determined to be higher than its carrying amount and accordingly, no impairment loss is required (31 May 2024: S\$Nil).

13. Investments in subsidiaries

	Company	
	30 November 2024 (Unaudited) S\$'000	31 May 2024 (Audited) S\$'000
Unquoted equity shares, at cost	20,356	19,593
Allowance for impairment loss	(6,129)	(6,129)
	14,227	13,464

Impairment on investments in subsidiaries

As at the end of the reporting period, the Company carried out a review of the investments in subsidiaries, having regard for indicators of impairment on investments in subsidiaries based on the existing performance of subsidiaries. Following the review, there was no impairment loss in the current financial period (31 May 2024: S\$Nil).

The recoverable amount of the impaired subsidiaries is determined from value-in-use calculations using management-approved discounted cash flow projections covering a period of 5 years and projection to terminal year. The key assumptions for these value-in-use calculations are those regarding the discount rates and revenue growth rates disclosed above.

E. Notes to the condensed interim consolidated financial statements (continued)

13. Investments in subsidiaries (continued)

Acquisition of non-controlling interests

GMH

On 3 September 2024, the Company entered into a sale and purchase agreement to acquire the remaining 49% of the issued and fully paid-up capital in GMH in connection with the exercise of the forward purchase contract. The consideration for the additional acquisition, amounted to approximately S\$636,000, was paid in cash. Upon completion of the acquisition, GMH became a wholly-owned subsidiary of the Company.

HC (Ming) Pte. Ltd. (“HCMC”)

On 30 October 2024, the Company entered into a sale and purchase agreement to acquire the remaining 20% of the issued and fully paid-up capital in HCMC, with cash consideration of S\$2. Upon completion of the acquisition, HCMC became a wholly-owned subsidiary of the Company.

Acquisition of a subsidiary

MDS

On 16 September 2024, the Company entered into a sale and purchase agreement to acquire additional 45% of the issued and fully paid-up capital in MDS, former associate, in connection with the exercise of the forward purchase contract. The consideration for the additional acquisition, amounted to approximately S\$89,000, was paid in cash. Upon completion of the acquisition, MDS became a 70% owned subsidiary of the Company.

The fair value of the previously held 25% equity interest at acquisition date was calculated on a pro-rata basis of the purchase consideration after applying the discount for lack of control. The loss of S\$204,000 recognised as a result of re-measurement of previously held equity interest in MDS was included in “loss arising from deemed disposal in an associate” line item in the consolidated statement of comprehensive income for the financial period ended 30 November 2024.

On 30 October 2024, the Company’s wholly-owned subsidiary, JLES entered into a sale and purchase agreement to acquire 15% of the issued and fully paid-up capital in MDS for a cash consideration of S\$60,000.

The fair values of the identifiable assets and liabilities of MDS as at the date of acquisition was:

	Total S\$’000
Plant and equipment	17
Right-of-use assets	789
Inventories	113
Trade and other receivables	109
Prepayments	3
Cash and cash equivalents	144
Total assets	<u>1,175</u>

E. Notes to the condensed interim consolidated financial statements (continued)

13. Investments in subsidiaries (continued)

Acquisition of a subsidiary (continued)

	Total S\$'000
Trade and other payables	247
Deferred tax liabilities	7
Lease liabilities	811
Total liabilities	<u>1,065</u>
Net identifiable assets assumed	110
Non-controlling interest measured at fair value	(46)
Fair value of previously-held 25% equity interest at acquisition date	(37)
Consideration transferred:	
- purchase consideration	(89)
Goodwill arising from acquisition	<u>(62)</u>

From the date of acquisition, MDS has contributed S\$260,000 and S\$52,000 to the Group's revenue and profit for the financial period respectively. If the combination had taken place at the beginning of the financial period, the Group's revenue for the financial period would have been S\$10,309,000 and profit would have been S\$3,643,000.

The effect of acquisition of MDS on the consolidated statement of cash flows was as follows:

	Total S\$'000
Total purchase consideration	89
Less: Cash and cash equivalents of MDS acquired	<u>(144)</u>
Net cash inflow on acquisition	<u>55</u>

Trade and other receivables acquired comprise gross trade and other receivables amounting to S\$109,000 which approximates fair value. It is expected that full contractual amount of receivables can be collected.

Goodwill of S\$62,000 arising from the acquisition is attributable to expected synergies that can be achieved in combining the operations of the subsidiary with the Group such as expanding the Group's presence in Singapore and tapping on the subsidiary's workforce expertise. These intangibles identified are subsumed into goodwill as they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill is expected to be deductible for tax purposes.

14. Investment in associates

	Group and Company	
	30 November 2024 (Unaudited) S\$'000	31 May 2024 (Audited) S\$'000
Unquoted equity investments, at cost	3,116	3,116
Allowance for impairment loss	-	(243)
Deemed disposal of associate	(484)	-
Share of results, net of tax	107	(88)
	<u>2,739</u>	<u>2,785</u>

E. Notes to the condensed interim consolidated financial statements (continued)

14. Investment in associates (continued)

Movement in allowance for impairment loss was as follows:

	Group and Company	
	30 November 2024 (Unaudited) S\$'000	31 May 2024 (Audited) S\$'000
Balance at beginning of financial period/year	243	243
Impairment loss for the financial period/year	204	-
Reversal of impairment loss for the financial period/year	(447)	-
Balance at end of financial period/year	-	243

Impairment on investment in associates

On 16 September 2024, the Company acquired additional 45% equity interest in MDS. Based on the fair value of the consideration, an impairment loss of approximately S\$204,000 was recognised. The total impairment loss of approximately S\$447,000 was reversed upon the derecognition of the associate.

As at the end of the reporting period, the Group and the Company carried out a review of the investment in associates based on the existing performance of associates. Following the review, there was no impairment loss in the current financial period (31 May 2023: S\$243,000).

The recoverable amount of the investment in associates is determined from value-in-use calculations using management-approved discounted cash flow projections covering a period of 5 years and projection to terminal year using the following key assumptions:

	Group and Company			
	Revenue growth rates		Discount rate	
	30 November 2024 (Unaudited)	31 May 2024 (Audited)	30 November 2024 (Unaudited)	31 May 2024 (Audited)
MDS	n.a.	3%	n.a.	10.2%
Total Orthopaedics Pte. Ltd. ("TOPL")	5%	5% to 161%	10.2%	10.2%

Derecognition of investment in an associate

On 16 September 2024, the Company acquired additional 45% equity interest in MDS. Following the completion of the acquisition, MDS became a 70% subsidiary of the Company as disclosed in Note 13 above. The management has determined the acquisition cut-off date as 31 August 2024 due to no material transactions between the two dates. The investment in MDS is accounted for using the equity method in these consolidated financial statements up to 31 August 2024.

E. Notes to the condensed interim consolidated financial statements (continued)

14. Investment in associates (continued)

Acquisition of equity interest in previous financial year

On 1 March 2023, the Company entered into a sale and purchase agreement, pursuant to which the Company acquired 35% of the issued and fully paid-up share capital of TOPL for a total purchase consideration of S\$2,467,000 including any applicable interest amount. The purchase consideration will be satisfied in full in the following manner: (i) S\$857,000 cash payment to Dr. Seah Renyi, Benjamin (“**Dr. Seah**”) upon the commencement of his employment on 1 June 2023 or such other date as agreed between Dr. Seah and the Company; (ii) S\$900,000 cash payment to Dr. Seah in April 2024 or such other date as agreed between Dr. Seah and the Company; and (iii) S\$710,000 cash payment to Dr. Seah in December 2024 or such other date as agreed between Dr. Seah and the Company. In respect of the amount payable in (iii), an additional interest amount at the rate of 2% per annum or the prevailing personal fixed deposit rate for the same amount for an 8-month tenure, whichever is higher, calculated from 1 April 2024 to the date of payment, will be payable. The Company shall be allowed to pay the amount in (iii) or part thereof earlier than December 2024, and the interest shall be calculated accordingly based on the actual number of days from 1 April 2024 to the date of payment. Accordingly, the purchase consideration will comprise S\$2,467,000 and any interest to be paid as described above.

On 26 February 2024, TOPL entered into employment agreements with two orthopaedic surgeons, Dr. Huang Yilun (“**Dr. Huang**”) and Dr. Hamid Rahmatulla Bin Abd Razak (“**Dr. Hamid Razak**”), who will co-manage TOPL together with Dr. Seah. Pursuant to their employment, Dr. Seah transferred 26 shares in TOPL to each of Dr. Huang and Dr. Hamid Razak. The Company has also entered into a shareholders’ agreement (the “**SHA**”) with the three surgeons, and pursuant to the SHA, the three surgeons agreed to sell to the Company all their shares in TOPL (the “**Additional Sale Shares**”) at a later stage, with the completion of the proposed acquisition of the Additional Sale Shares to occur any time from 1 October 2028 to 31 March 2029, or from 1 October 2030 to 31 March 2031, at an amount that is ten times the unaudited profit after tax of TOPL for twelve months before the end of 30 September 2028 or 30 September 2030 after adjustments to exclude expenses incurred arising from consultancy fee paid to the Company, and the surgeons’ profit-share, multiplied by their proportionate shareholding interest.

The fair values of the identifiable assets and liabilities of TOPL as at the date of acquisition was:

	Total S\$’000
Proportion of net identifiable assets identified	-
Present value of the purchase consideration	2,313
Implied goodwill arising from acquisition	2,313
Fair value of derivative financial instruments	323
Investment in TOPL	<u>2,636</u>

The fair value of derivative financial instruments amounted to approximately S\$323,000 was determined based on professional valuation carried out by independent valuation specialist.

E. Notes to the condensed interim consolidated financial statements (continued)

14. Investment in associates (continued)

The summarised financial information below reflects the amounts presented in the financial statements of the associates, not adjusted for the proportion of ownership interest held by the Group.

	TOPL S\$'000
30 November 2024	
Income and expenses	
Revenue	1,936
Profit for the financial period	544
Other comprehensive income	-
Total comprehensive income	<u>544</u>
Assets and liabilities	
Non-current assets	838
Current assets	660
Non-current liabilities	(411)
Current liabilities	<u>(793)</u>
Net assets	<u>294</u>

	TOPL S\$'000	MDS S\$'000	Total S\$'000
31 May 2024			
Income and expenses			
Revenue	1,144	1,592	2,736
(Loss)/Profit for the financial year	(231)	35	(196)
Other comprehensive income	-	-	-
Total comprehensive income	<u>(231)</u>	<u>35</u>	<u>(196)</u>
Assets and liabilities			
Non-current assets	806	60	866
Current assets	624	342	966
Non-current liabilities	(482)	(7)	(489)
Current liabilities	<u>(1,198)</u>	<u>(130)</u>	<u>(1,328)</u>
Net (liabilities)/assets	<u>(250)</u>	<u>265</u>	<u>15</u>

Reconciliation of summarised financial information presented to the carrying amount of the Group's interest in the associates, is as follows:

	TOPL S\$'000
30 November 2024	
Net assets of the associate	<u>294</u>
Proportion of equity interest in the associate	35%
Group's share of interest in associate	103
Add: Goodwill on acquisition date	2,313
Add: Fair value of derivative financial instruments	<u>323</u>
Carrying amount	<u>2,739</u>

E. Notes to the condensed interim consolidated financial statements (continued)

14. Investment in associates (continued)

	TOPL S\$'000	MDS S\$'000	Total S\$'000
31 May 2024			
Net (liabilities)/assets of the associates	(250)	265	15
Proportion of equity interest in the associates	35%	25%	
Group's share of interest in associates	(88)	66	(22)
Add: Goodwill on acquisition date	2,313	414	2,727
Add: Fair value of derivative financial instruments	323	-	323
Less: Impairment loss	-	(243)	(243)
Carrying amount	2,548	237	2,785

15. Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL comprise the following:

	Group and Company	
	30 November 2024 (Unaudited) S\$'000	31 May 2024 (Audited) S\$'000
Balance at beginning of financial period/year	6,778	8,043
Capital reduction during the financial period/year	(40)	(88)
Disposal during the financial period/year	(17)	(1,351)
Fair value gain during the financial period/year	129	174
Balance at end of financial period/year	6,850	6,778
<u>Presented in statements of financial position</u>		
- Non-current	6,400	6,077
- Current	450	701
	6,850	6,778

Financial assets at FVTPL increased mainly due to fair value gain of S\$129,000, which was partially offset by capital reduction of S\$40,000 and disposal of investment of S\$17,000.

15.1 Fair value measurement

The Group and the Company classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- a) Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b) Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- c) Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

E. Notes to the condensed interim consolidated financial statements (continued)

15. Financial assets at FVTPL (continued)

15.1 Fair value measurement (continued)

The table below classified financial assets at fair value through profit or loss by level of fair value hierarchy as at end of the reporting period:

	Fair value measurements using			Total S\$'000
	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	
30 November 2024				
Financial Assets				
Financial assets at FVTPL				
- Quoted equity securities	6,693	-	-	6,693
- Unquoted equity securities	-	-	157	157
	<u>6,693</u>	<u>-</u>	<u>157</u>	<u>6,850</u>
31 May 2024				
Financial Assets				
Financial assets at FVTPL				
- Quoted equity securities	6,581	-	-	6,581
- Unquoted equity securities	-	-	197	197
	<u>6,581</u>	<u>-</u>	<u>197</u>	<u>6,778</u>

16. Derivative financial instruments

	Group		Company	
	30 November 2024 (Unaudited) S\$'000	31 May 2024 (Audited) S\$'000	30 November 2024 (Unaudited) S\$'000	31 May 2024 (Audited) S\$'000
Non-current assets				
Put option	400	400	400	400
Forward purchase contracts/Option to purchase	-	91	1	92
	<u>400</u>	<u>491</u>	<u>401</u>	<u>492</u>
Current assets				
Forward purchase contracts	-	338	-	770
Non-current liabilities				
Options to re-purchase	(28)	(28)	(28)	(28)
Forward purchase contracts	(578)	(578)	(578)	(578)
	<u>(606)</u>	<u>(606)</u>	<u>(606)</u>	<u>(606)</u>
	<u>(206)</u>	<u>223</u>	<u>(205)</u>	<u>656</u>
Reconciliation of fair value measurements				
	Group		Company	
	30 November 2024 (Unaudited) S\$'000	31 May 2024 (Audited) S\$'000	30 November 2024 (Unaudited) S\$'000	31 May 2024 (Audited) S\$'000
Balance at beginning of financial period/year	223	841	656	1,345
Fair value loss recognised during the financial period/year	(429)	(618)	(861)	(689)
Balance at end of financial period/year	<u>(206)</u>	<u>223</u>	<u>(205)</u>	<u>656</u>

E. Notes to the condensed interim consolidated financial statements (continued)

16. Derivative financial instruments (continued)

During the financial period, the forward purchase contracts in connection with GMH and MDS were derecognised upon exercise by the Company to acquire the remaining 49% of the issued and fully paid-up capital of GMH and additional 45% of the issued and fully paid-up capital in MDS as disclosed in Note 13 above.

Put option

This pertains to JOES, whereby the non-controlling interest granted the Company a put option to require the non-controlling interest to repurchase the issued and fully paid-up share capital held by the Company in JOES, at an amount in excess of the Company's investment, should the doctor's employment be terminated. As at the end of the previous reporting period, the fair value of the put option has been determined using the Binomial Option Pricing model. The significant judgement and assumptions to the valuation include volatility rate and risk-free rate. As at the end of the reporting period, management assessed that the probability of exercising the put option by the Company is low.

Forward purchase contracts and option to purchase

The derivative financial instruments relate to the forward purchase contracts and option to purchase in connection with the Company's further acquisition of the remaining issued and fully paid-up share capital held by the non-controlling interests of certain subsidiaries and vendors of associates as at the respective date of acquisitions as follows:

- (i) The Company's further acquisition of the remaining 30% of issued and fully paid-up share capital of JOES. On 20 January 2023, the Company entered into a revised sale and purchase agreement pertaining to JOES to amend the previous terms of exercising the forward purchase contract to an option to purchase granted to the Company to exercise at any time during the period from and including 1 December 2025 to 30 November 2026, at an amount of ten times the audited profit after tax for the 1 year period commencing from 1 December 2024 to 30 November 2025, multiplied by 0.30. Management is of the opinion that it is highly likely to exercise this option to purchase.
- (ii) The Company's further acquisition of the remaining 65% of issued and fully paid-up share capital of TOPL as disclosed in Note 14 above.

As at the end of the reporting period, the fair values of these forward purchase contracts have been determined based on the difference between spot price adjusted for the present value of dividends and the present value of the forward price and the fair value of the option to purchase have been determined based on Binomial Option Pricing model. The significant judgement and assumptions to the valuations include estimated profit after tax for future years, risk-free rate and volatility rate.

E. Notes to the condensed interim consolidated financial statements (continued)

16. Derivative financial instruments (continued)

Options to re-purchase

The option to re-purchase represents option granted to the non-controlling interest for the acquisition of LBPL. The Company has granted to the non-controlling interest an option to re-purchase up to 20% of the total issued shares in LBPL from the Company, at an exercise price of three times of LBPL's audited profit after tax for the recent financial year (at the time of exercise of the option), provided always that the vendor shall not be entitled to exercise the option prior to the end of 35 months from the date of commencement of the employment with the Group.

The fair value of the option to re-purchase is subsequently re-measured as at the end of the reporting period. As at the end of the reporting period, the fair value of derivative financial instrument has been determined using the Binomial Option Pricing model. The significant judgement and assumptions to the valuation include the volatility rate and risk-free rate.

17. Share capital

	Group and Company			
	30 November 2024	31 May 2024	30 November 2024	31 May 2024
	Number of ordinary shares		Amount	
	('000)		S\$'000	S\$'000
Issued and fully-paid:				
Balance at beginning of financial period/year (including treasury shares)	156,310	151,396	17,231	15,419
Issuance of ordinary shares	-	4,914	-	1,812
Balance at end of financial period/year (including treasury shares)	156,310	156,310	17,231	17,231

On 22 September 2023, the Company increased its issued and fully paid-up share capital by way of allotment and issuance of 4,914,277 new ordinary shares at an issue price of S\$0.3687 per ordinary share as part of the deferred consideration pursuant to the acquisition of the remaining 49% of the issued and fully paid-up capital in JLES. Since the end of the previous period reported on, there were no changes to the Company's share capital.

There were 2,503,400 treasury shares (representing 1.63% of the Company's 153,806,507 ordinary shares (excluding treasury shares)) as at 30 November 2024 and as at 30 November 2023.

There were no subsidiary holdings as at 30 November 2024 and as at 30 November 2023.

There were no outstanding convertibles as at 30 November 2024 and as at 30 November 2023.

17.1 Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	As at 30 November 2024	As at 31 May 2024
Total number of issued shares	153,806,507	153,806,507

E. Notes to the condensed interim consolidated financial statements (continued)

17. Share capital (continued)

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

There were no sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

17.3 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. There were no subsidiary holdings during and as at the end of the current financial period reported on.

18. Capital reserve

Capital reserve relates to the realised gain or loss on subsequent re-issuance of treasury shares pursuant to the acquisition of subsidiaries and the differences between the consideration paid and the carrying amount of non-controlling interests acquired.

19. Other reserve

Other reserve represents the present value of the exercise price for the forward purchase contracts over non-controlling interests of subsidiaries.

20. Other financial liabilities

	Group	
	30 November 2024 (Unaudited) S\$'000	31 May 2024 (Audited) S\$'000
Present value at beginning of financial period/year	1,035	578
Unwinding interest expenses on other financial liabilities	-	55
Changes in estimated future cash flow on other financial liabilities	-	402
	-	457
Derecognition of other financial liabilities	(1,035)	-
Present value at end of financial period/year	-	1,035

Other financial liabilities pertain to the forward purchase contracts/option to purchase in connection with the Group's further acquisition of the remaining 30% of the issued and fully paid-up share capital of JOES.

As at the end of the reporting period, the other financial liabilities are measured at the present value of the exercise price for the forward purchase contracts/option to purchase with a corresponding entry to "Other reserve" line item in the Group's equity.

The changes in estimated future cash flow and the unwinding interest expenses on other financial liabilities of approximately S\$Nil and S\$Nil (31 May 2024: S\$402,000 and S\$55,000) respectively are included in "Other reserve" line item in the Group's equity.

E. Notes to the condensed interim consolidated financial statements (continued)

20. Other financial liabilities (continued)

The derecognition of other financial liabilities is in respect of the exercise of the forward purchase contracts by the Company during the current financial period, details of which are disclosed in Note 13 and 16 above.

Key assumptions used in the estimation of the present value of the exercise price for the forward purchase contracts as at the reporting date are as follows:

	Group	
	30 November 2024 (Unaudited)	31 May 2024 (Audited)
Discount rate	9.4%	9.4%
<u>Exercise price for forward purchase contracts</u>	S\$'000	S\$'000
JOES on 31 May 2026	*	*
GMH on 1 November 2024	n.a.	1,035

* Amount less than S\$1,000

Discount rate – Management estimates discount rates that reflect current market assessments of the time value of money.

The carrying amounts of the other financial liabilities approximate its fair value.

21. Bank borrowing

	Group and Company	
	30 November 2024 (Unaudited)	31 May 2024 (Unaudited)
	S\$'000	S\$'000
<u>Amount repayable within one year or on demand</u>		
Unsecured	647	1,288
<u>Amount repayable after one year</u>		
Unsecured	-	-

The Group and the Company had drawn down a term loan amounting to S\$5 million on 6 May 2020. It is unsecured, repayable over 48 months commencing from June 2021 to May 2025 and the loan interest is charged at a fixed rate of 2% per annum. The term loan is subject to financial covenants imposed by the bank.

The fair value of the Group's and the Company's bank borrowings approximate their carrying amounts as they are at market lending rates for similar types of lending or borrowing at the end of the reporting period.

22. Subsequent events

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

F. Other information required pursuant to Appendix 7C of the Catalyst Rules

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

The condensed consolidated statement of financial position of HC Surgical Specialists Limited and its subsidiaries as at 30 November 2024 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. 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 affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Review for the performance of the Group for the six months ended 30 November 2024 ("HYFY2025") as compared to the six months ended 30 November 2023 ("HYFY2024").

Revenue increased by approximately S\$0.32 million for HYFY2025 as compared to HYFY2024.

Other income increased by approximately S\$0.17 million mainly due to higher grants of S\$0.13 million and compensation income received from the non-controlling interest of GMH of S\$0.14 million; which was partially offset by lower dividend income from investment in financial assets at FVTPL of S\$73,000 and lower interest income of S\$39,000.

In HYFY2025, the fair value gain on financial assets at FVTPL of approximately S\$0.13 million was due to the increase in share price of Medinex Limited ("**Medinex**") in which the Company holds a direct interest of 22.66% and a deemed interest of 9.39%; and was partially offset by (i) the decrease in share price of Singapore Paincare Holdings Limited ("**SPCH**") in which the Company holds a direct interest of 2.36%; and (ii) the decrease in share price of Aoxin Q & M Dental Group Limited in which the Company holds a direct interest of 0.34%. In HYFY2024, the fair value gain on financial assets at FVTPL of approximately S\$0.83 million arose primarily due to the increase in share price of Medinex.

Employee benefits expense increased by approximately S\$0.20 million due to increased headcount and regular increment for the current financial period.

Fair value loss on DFI of approximately S\$0.43 million arose mainly due to derecognition of forward purchase contract for MDS upon exercise by the Company to acquire additional 45% equity interest.

Loss arising from deemed disposal of an associate of approximately S\$0.20 million was related to the re-measurement of previously held equity interest in MDS upon the acquisition of additional 45% equity interest in September 2024, resulting in MDS becoming a subsidiary of the Company.

Finance costs decreased by approximately S\$93,000 million due to lower deemed interest expense on the deferred consideration payable for the acquisition of JLES and TOPL for HYFY2025 as compared to HYFY2024, as the deferred consideration had been settled in HYFY2025.

Share of results of associates, net of tax of approximately S\$0.20 million arose from the Company's share of profits of TOPL and MDS for the current financial period.

Share of results of a joint venture, net of tax of approximately S\$0.30 million arose from the Company's share of profits of Healthcare Essentials Pte. Ltd. ("HEPL") for the previous and current financial period, as the Company adopted equity accounting for HEPL.

Income tax expense decreased by approximately S\$0.32 million mainly due to over provision of income tax in prior financial years, resulting from the tax rebate announced by the government in HYFY2025.

As a result of the above mentioned, profit after income tax increased by approximately S\$51,000 or 1.4% in HYFY2025 as compared to HYFY2024.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 30 November 2024 and 31 May 2024.

Plant and equipment decreased from approximately S\$1.02 million as at 31 May 2024 to S\$0.87 million as at 30 November 2024 due to depreciation and write off of plant and equipment which was partially offset by additions of plant and equipment for existing clinics.

Intangible assets comprise goodwill and computer software. The increase in intangible assets from approximately S\$3.36 million as at 31 May 2024 to S\$3.42 million as at 30 November 2024 was primarily due to increase in goodwill of S\$62,000 from the acquisition of additional 45% equity interest in MDS which was completed in September 2024.

Right-of-use ("ROU") assets increased by approximately S\$0.33 mainly due to additional ROU assets for existing clinic premises upon lease renewal; partially offset by depreciation of ROU assets.

Investment in associates decreased by approximately S\$46,000 due to deemed disposal of investment in MDS which was partially offset by the Company's share of profits of TOPL and MDS.

Investment in joint venture increased by approximately S\$0.30 million due to the Company's share of profits of HEPL.

Non-current financial assets at FVTPL increased by approximately S\$0.32 million mainly due to fair value gain of S\$0.36 million which was partially offset by capital reduction of S\$40,000.

Derivative financial instruments (non-current and current assets) decreased by approximately S\$0.43 million due to derecognition of forward purchase contract for MDS upon exercise by the Company to acquire additional 45% of equity interest.

Non-current other receivables related to the amount receivable from Dr. Julian Ong ("Dr. Ong") as compensation for the damage that the Company suffered as a result of Dr. Ong's Singapore Medical Council complaint.

Trade and other receivables increased by approximately S\$0.35 million due to an increase in trade receivables outstanding from patients and dividend receivable from Medinex.

Current financial assets at FVTPL decreased by approximately S\$0.25 million mainly due to the disposal of investment in SPCH of S\$17,000 and a fair value loss of S\$0.23 million.

Capital reserve decreased by approximately S\$0.74 million mainly due to the acquisition of the remaining 49% equity interest in GMH in September 2024 and the acquisition of remaining 20% equity interest in HCMC in October 2024.

Other reserve increased by approximately S\$1.04 million and other financial liabilities decreased by approximately S\$1.04 million due to derecognition of financial liabilities for the forward purchase contract of GMH.

Trade and other payables decreased by approximately S\$3.75 million mainly due to payments of balance purchase consideration for (i) the acquisition of remaining 49% equity interest in JLES of S\$2.59 million and (ii) the acquisition of 35% equity interest in TOPL of S\$0.73 million.

Current and non-current lease liabilities increased by approximately S\$0.36 million due to renewal of leases entered for existing clinic premises; partially offset by repayments made in HYFY2025.

Bank borrowing decreased by approximately S\$0.64 million due to repayments made in HYFY2025.

CONSOLIDATED STATEMENT OF CASH FLOWS

Review for the performance of the Group for HYFY2025 as compared to HYFY2024

The Group recorded net cash from operating activities of approximately S\$3.27 million in HYFY2025 as compared to net cash from operating activities of approximately S\$2.33 million in HYFY2024, due mainly to higher operating receipts.

Net cash used in investing activities in HYFY2025 of approximately S\$3.68 million was primarily due to payment of deferred consideration for JLES and TOPL of approximately S\$3.32 million, the acquisition of non-controlling interests in GMH, HCMC and MDS of approximately S\$0.70 million and purchase of plant and equipment of approximately S\$46,000; which was partially offset by (i) the dividends and interest received of approximately S\$0.28 million; (ii) proceeds from capital reduction in financial assets at FVTPL of approximately S\$40,000; and (iii) acquisition of a subsidiary, net cash acquired of approximately S\$55,000.

Net cash used in financing activities in HYFY2025 of approximately S\$2.74 million was mainly related to (i) payment of FY2024 final dividend of approximately S\$1.08 million to shareholders; (ii) dividends paid to non-controlling interests of approximately S\$0.25 million; (iii) repayment of bank borrowings of approximately S\$0.64 million; (iv) repayments of obligations (including the interest portion) under leases of approximately S\$0.76 million; and (v) interest paid of approximately S\$10,000.

As a result, the Group recorded a net decrease in cash and cash equivalents of approximately S\$3.14 million in HYFY2025, resulting in cash and cash equivalents of approximately S\$4.22 million as at 30 November 2024.

3. 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 forecast or a prospect statement was previously disclosed.

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 the next 12 months, it is believed that the country will still be affected by COVID-19, influenza and common cold, with the rise in respiratory infections in December 2024. An article dated 23 December 2024¹ reported that Singapore is keeping watch on four diseases as part of pandemic preparedness. The Group will stay vigilant and focus on its core competencies to provide good service to all its patients.

The Group's endoscopy and GP centres, located jointly in Camden Centre, underwent renovation from October to December 2024. The renovation maximises the existing endoscopy centre space whilst revamping and retaining the GP clinic, to modernise and align both centres within 1 premise to streamline healthcare service, in order to continually provide quality primary and specialist healthcare to all Singapore residents.

¹ <https://www.straitstimes.com/singapore/health/singapore-watching-four-diseases-as-part-of-pandemic-preparedness-ong-ye-kung>

5. Dividend

If a decision regarding dividend has been made: -

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

Yes.

Name of Dividend	Interim
Dividend Type	Ordinary
Dividend Amount per Share (in S\$ cents)	0.80 cents per ordinary share (one tier tax exempt)
Tax Rate	Tax Exempt

- (b) (i) Amount per share

Please refer to paragraph 5(a).

- (ii) Previous corresponding period

Name of Dividend	Interim
Dividend Type	Ordinary
Dividend Amount per Share (in S\$ cents)	0.70 cents per ordinary share (one tier tax exempt)
Tax Rate	Tax Exempt

- (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 5(a).

- (d) The date the dividend is payable.

The dividend will be paid on 13 March 2025.

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

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed at 5.00 p.m. on 3 March 2025 for the purpose of determining shareholders' entitlements to the interim dividends.

Duly completed registrable transfers received by the Company's Share Registrar, Tricor Singapore Pte. Ltd., at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619, up to the close of business at 5.00 p.m. on 3 March 2025, will be registered to determine shareholders' entitlements to the interim dividend.

Shareholders (being depositors) whose securities accounts with the Central Depository (Pte) Limited are credited with shares as at 5.00 p.m. on 3 March 2025 will be entitled to the interim dividend.

6. Interested person transactions

The Group does not have a general mandate from shareholders for interested person transactions ("IPT").

There were no IPTs of S\$100,000 and above entered into in HYFY2025.

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

The Company confirms that it has procured undertakings from all of its directors and executive officers in the required format.

8. Negative confirmation by the Board Pursuant to Rule 705(5) of the Catalist Rules

The Board of Directors of the Company confirms that, to the best of their knowledge, nothing has come to their attention which may render the unaudited interim financial statements for HYFY2025 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Dr. Heah Sieu Min
Executive Director and Chief Executive Officer

Dr. Chia Kok Hoong
Executive Director and Medical Director

Singapore
14 January 2025

About HC Surgical Specialists Limited

HC Surgical Specialists Limited (the "Company") was incorporated on 1 September 2015 in Singapore and listed on Catalist of the Singapore Exchange Securities Trading Limited on 3 November 2016. The Company, its subsidiaries and associated company are a medical services group primarily engaged in the provision of endoscopic procedures, including gastroscopies and colonoscopies and general surgery services with a focus on colorectal procedures across a network of 18 clinics located throughout Singapore.

This announcement has been prepared by the Company and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "Sponsor"), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (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 7 Temasek Boulevard, #04-02 Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.