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UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2020

This announcement has been prepared by Clearbridge Health Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) and has been reviewed by the Company’s sponsor, United Overseas Bank Limited (the “**Sponsor**”), for compliance with Rules 226(2)(b) and 753(2) 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. 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. Lim Hoon Khiat, Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone: +65 6533 9898.



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

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF-YEAR AND FULL YEAR RESULTS

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

	GROUP		
	Half-Year ("HY")		Increase/ (Decrease) %
	FY2020	FY2019	
	S\$'000	S\$'000	
Revenue	21,459	6,853	213.1
Purchases	(12,819)	(4,267)	200.4
Employee benefits expense*	(3,930)	(3,441)	14.2
Depreciation expense	(1,986)	(779)	154.9
Amortisation expense	(89)	(54)	64.8
Other income	1,434	527	172.1
Fair value gain on an associate	3,608	4,209	(14.3)
Fair value gain/(loss) on derivative financial instruments	723	(629)	n.m.
Other operating expenses*	(3,467)	(3,409)	1.7
Finance costs	(980)	(714)	37.3
Profit/(loss) before taxation	3,953	(1,704)	n.m.
Income tax expense	(179)	(62)	188.7
Profit/(loss) for the period	3,774	(1,766)	n.m.
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange difference on translation of foreign operations	(340)	292	n.m.
Total comprehensive income for the period	3,434	(1,474)	n.m.
Profit/(loss) attributable to:			
Owners of the Company	3,218	(1,344)	n.m.
Non-controlling interest	556	(422)	n.m.
	3,774	(1,766)	n.m.
Total comprehensive income attributable to:			
Owners of the Company	2,969	(1,180)	n.m.
Non-controlling interest	465	(294)	n.m.
	3,434	(1,474)	n.m.

Note:

n.m. - not meaningful

* In order to provide more clarity to readers, the Group has identified the following major expenses as recurring and non-recurring for HY FY2020:

	HY FY2020		
	Recurring	Non-recurring	Total
	S\$'000	S\$'000	S\$'000
Employee benefits expense	3,168	762	3,930
Other operating expenses	2,957	510	3,467
	6,125	1,272	7,397

The non-recurring employee benefits expense were mainly due to the rationalisation and streamlining of the Group's operations, particularly in the United States of America.

The non-recurring other operating expenses were mainly due to one-off legal and professional fees incurred pursuant to business acquisitions and collaborations, one-off consultancy fees and other administrative expenses for research and development activities, as well as the fair value adjustment on contingent consideration for business combinations.

Excluding the abovementioned non-recurring expenses and fair value changes in associates and derivative financial instruments, the Group's profit before taxation would have been S\$0.89 million in HY FY2020 (HY FY2019: Loss of S\$3.49 million).

1(a)(ii) Notes to income statement and other comprehensive income.

The Group's net profit/(loss) was arrived after (charging)/crediting the following:

	GROUP		
	HY FY2020 S\$'000	HY FY2019 S\$'000	Increase/ (Decrease) %
Interest expense on:			
- Call options	-	(120)	n.m.
- Borrowings	(230)	(127)	81.1
- Convertible bonds	(737)	(435)	69.4
- Lease liabilities	(13)	(32)	(59.4)
Depreciation expense on:			
- Property, plant and equipment	(1,726)	(686)	151.6
- Right-of-use assets	(260)	(93)	179.6
Amortisation expense	(89)	(54)	64.8
Other income:			
- Grant income	368	103	257.3
- Interest income	89	144	(38.2)
- Licensing income	70	35	100.0
- Rental income	81	-	n.m.
- Foreign exchange gain	304	225	35.1
- Fair value adjustment on contingent consideration for business combinations	8	-	n.m.
- Gain on disposal of subsidiary	485	-	n.m.
- Others	29	20	45.0
Material items included in other operating expenses:			
- Fair value adjustment on contingent consideration for business combinations	-	(291)	n.m.
- Professional fees ⁽¹⁾	(873)	(1,136)	(23.2)
- Rental ⁽²⁾	(302)	(224)	34.8

n.m. - not meaningful

Notes:

- ▀ (1) This includes the non-recurring professional fees incurred pursuant to business acquisitions and collaborations, and loan financing which amounted to S\$0.22 million in HY FY2020 (HY FY2019: S\$0.38 million)
- ▀ (2) Rental expenses for HY FY2020 represent short-term leases that are exempted from having to be recognised in the statement of financial position under SFRS(I) 16 Leases. The Group continues to recognise these short term lease payments as an expense in profit or loss on a straight-line basis over the lease term.



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.

	GROUP		COMPANY	
	30/6/20 S\$'000	31/12/19 S\$'000	30/6/20 S\$'000	31/12/19 S\$'000
Non-current assets				
Investments in subsidiaries	-	-	28,112	28,112
Investment in an associate	18,341	14,733	-	-
Derivative financial instruments	-	2,357	-	-
Property, plant and equipment	8,131	11,990	28	25
Investment property	2,135	-	-	-
Right-of-use assets	1,684	1,787	-	-
Intangible assets	1,054	1,143	3	3
Goodwill on consolidation	31,277	32,107	-	-
Other investments	1,860	1,860	-	-
Other receivables	3,425	703	-	-
Amounts due from subsidiaries	-	-	28,275	28,310
	<u>67,907</u>	<u>66,680</u>	<u>56,418</u>	<u>56,450</u>
Current assets				
Cash at banks and short-term deposits	16,517	13,560	5,006	7,845
Trade receivables	7,553	10,753	-	-
Prepayments	753	534	181	321
Other receivables	2,107	3,638	67	83
Amounts due from subsidiaries	-	-	32,964	30,496
Inventories	1,345	1,754	-	-
Derivative financial instruments	3,880	-	-	-
	<u>32,155</u>	<u>30,239</u>	<u>38,218</u>	<u>38,745</u>
Total assets	<u>100,062</u>	<u>96,919</u>	<u>94,636</u>	<u>95,195</u>
Current liabilities				
Borrowings	4,106	4,797	1,634	1,893
Trade payables	2,906	4,443	-	-
Other payables	10,937	12,848	589	543
Amounts due to subsidiaries	-	-	4,132	3,648
Derivative financial instruments	880	706	-	-
Lease liabilities	605	842	-	-
Contract liabilities	366	412	-	-
Income tax payable	141	148	-	-
	<u>19,941</u>	<u>24,196</u>	<u>6,355</u>	<u>6,084</u>
Net current assets	<u>12,214</u>	<u>6,043</u>	<u>31,863</u>	<u>32,661</u>
Non-current liabilities				
Borrowings	14,439	16,850	10,009	12,649
Other payables	2,515	2,428	-	-
Lease liabilities	1,074	919	-	-
Derivative financial instruments	2,028	1,319	2,028	1,319
Deferred tax liabilities	1,800	1,820	-	-
	<u>21,856</u>	<u>23,336</u>	<u>12,037</u>	<u>13,968</u>
Total liabilities	<u>41,797</u>	<u>47,532</u>	<u>18,392</u>	<u>20,052</u>
NET ASSETS	<u>58,265</u>	<u>49,387</u>	<u>76,244</u>	<u>75,143</u>
Equity attributable to owners of the Company				
Share capital	91,628	88,945	91,628	88,945
Capital reserve	(2,179)	(2,179)	(6,716)	(6,716)
Share-based payment reserve	2,973	2,646	2,623	2,296
Fair value reserve	1,110	1,110	-	-
Currency translation reserve	(291)	(125)	-	-
Accumulated losses	(31,409)	(40,104)	(11,291)	(9,382)
	<u>61,832</u>	<u>50,293</u>	<u>76,244</u>	<u>75,143</u>
Non-controlling interests	(3,567)	(906)	-	-
TOTAL EQUITY	<u>58,265</u>	<u>49,387</u>	<u>76,244</u>	<u>75,143</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30 June 2020		As at 31 December 2019	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
3,654	452	4,237	560

Amount repayable after one year

As at 30 June 2020		As at 31 December 2019	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
4,217	10,222	5,571	11,279

Details of any collateral

As at the balance sheet date:

- i) The Group's bank borrowings of (a) S\$1.63 million (31 December 2019: S\$1.63 million) is secured by the property at 37 Jalan Pemimpin, #04-13 Mapex, Singapore 577177 (the "**Mapex Property**"), (b) S\$2.33 million (31 December 2019: S\$3.28 million) is secured by all the rights and interests in all material contracts and assets owned by the Company's subsidiaries, (c) S\$2.74 million (31 December 2019: S\$3.29 million) is secured by a charge over the issued share capital of the Company's subsidiaries, fixed deposit in the name of the Company's subsidiaries and corporate guarantee provided by the Company, (d) S\$1.18 million (31 December 2019: S\$1.40 million) is secured by fixed deposit in the name of the Company's subsidiary and standby letter of credit provided by the Company's subsidiary, (e) S\$0.38 million (31 December 2019: S\$0.57 million) is secured by personal guarantee provided by a minority shareholder and corporate guarantee provided by the Company's subsidiaries, and (f) S\$1.47 million (31 December 2019: Nil) is unsecured.
- ii) During FY2019, the Company issued convertible bonds ("**Convertible Bonds**") with an aggregate principal amount of S\$11 million to certain subscribers. The Convertible Bonds are unsecured, bear interest at 7.0% per annum and are convertible into new ordinary shares of the Company (the "**Conversion Shares**") at any time during the three-year tenure at a then conversion price of S\$0.28 per Conversion Share. The conversion price of the Convertible Bonds was adjusted to S\$0.14 ("**Adjusted Conversion Price**") as announced on 1 August 2019.

In April 2020 and May 2020, certain subscribers had converted the Convertible Bonds with an aggregate principal amount of S\$2.70 million at the Adjusted Conversion Price.

As at 30 June 2020, the carrying amount of the Convertible Bonds amounted to S\$8.82 million (31 December 2019: S\$11.26 million), of which S\$0.16 million (31 December 2019: S\$0.22 million) was classified as current liabilities and S\$8.66 million (31 December 2019: S\$11.04 million) classified as non-current liabilities.



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.

	GROUP	
	HY FY2020 S\$'000	HY FY2019 S\$'000
Operating activities		
Profit/(loss) before taxation	3,953	(1,704)
Adjustments for:		
Share-based payment - equity settled	327	781
Gain on disposal of subsidiary	(485)	-
Depreciation of property, plant and equipment	1,726	686
Depreciation of right-of-use assets	260	93
Amortisation of intangible assets	89	54
Interest income	(92)	(144)
Interest expense	980	714
Property, plant and equipment written off	-	32
Inventories written off	98	-
Fair value adjustment on contingent consideration	(8)	291
Fair value (gain)/loss on derivative financial instruments	(723)	629
Fair value gain on associates	(3,608)	(4,209)
Unrealised foreign exchange gain	(126)	(89)
Operating cash flows before changes in working capital	2,391	(2,866)
Decrease/(increase) in trade receivables	2,837	(2,435)
Increase in prepayments	(224)	(236)
Decrease in other receivables	137	2,928
Decrease/(increase) in inventories	226	(264)
(Decrease)/increase in trade payables	(1,508)	1,608
Increase/(decrease) in other payables	1,252	(2,287)
Cash flows generated from/used in operations	5,111	(3,552)
Income tax paid	(105)	(13)
Interest paid	(583)	(74)
Interest received	92	25
Net cash flows generated from/(used in) operating activities	4,515	(3,614)
Investing activities		
Purchase of property, plant and equipment	(265)	(764)
Acquisition of intangible asset	-	(3)
Acquisition of a subsidiary	-	(8,405)
Payment for contingent consideration	-	(2,000)
Net proceeds from disposal of subsidiary	90	-
Net cash flows used in investing activities	(175)	(11,172)
Financing activities		
Dividend paid to non-controlling interests	(161)	(124)
Transaction costs on issue of shares	(17)	-
Proceeds from bank loans	1,755	3,998
Proceeds from issuance of convertible bonds	-	11,000
Repayment of loans and borrowings	(2,279)	(552)
Repayment of lease liabilities	(240)	-
Decrease/(increase) in restricted deposits	288	(1,170)
Net cash (used in)/generated from financing activities	(654)	13,152
Net increase/(decrease) in cash and cash equivalents	3,686	(1,634)
Cash and cash equivalents at the beginning of the year	10,092	7,770
Effects of foreign exchange rate changes, net	(441)	292
Cash and cash equivalents at the end of the period	13,337	6,428

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

	HY FY2020 S\$'000	HY FY2019 S\$'000
Cash and banks and short-term deposits	16,517	7,833
Less: Restricted deposits	(3,180)	(1,405)
Cash and cash equivalents	13,337	6,428



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.

(In S\$'000)

	Share capital	Capital reserve	Share-based / option payment reserve	Fair value reserve	Currency translation reserve	Accumulated losses	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Group									
Balance as at 1 January 2020	88,945	(2,179)	2,646	1,110	(125)	(40,104)	50,293	(906)	49,387
<i>Total comprehensive income for the period</i>									
Profit for the period	-	-	-	-	-	3,218	3,218	556	3,774
Other comprehensive income for the period	-	-	-	-	(249)	-	(249)	(91)	(340)
Total comprehensive income for the period	-	-	-	-	(249)	3,218	2,969	465	3,434
<i>Transactions with owners, recognised directly in equity</i>									
Dividend	-	-	-	-	-	-	-	(161)	(161)
Share-based payment - equity settled	-	-	327	-	-	-	327	-	327
Issuance of ordinary shares	2,683	-	-	-	-	-	2,683	-	2,683
Effects of dilution of interest in subsidiaries	-	-	-	-	83	5,477	5,560	(2,821)	2,739
<i>Changes in ownership interests in subsidiaries</i>									
Acquisition of a subsidiary	-	-	-	-	-	-	-	(144)	(144)
Balance as at 30 June 2020	91,628	(2,179)	2,973	1,110	(291)	(31,409)	61,832	(3,567)	58,265



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(In S\$'000)

	Share capital	Capital reserve	Share-based / option payment reserve	Fair value reserve	Currency translation reserve	Accumulated losses	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Group									
Balance as at 1 January 2019	77,670	(2,179)	1,379	1,110	(263)	(30,041)	47,676	(146)	47,530
<i>Total comprehensive income for the year</i>									
Loss for the period	-	-	-	-	-	(1,344)	(1,344)	(422)	(1,766)
Other comprehensive income for the year	-	-	-	-	164	-	164	128	292
Total comprehensive income for the year	-	-	-	-	164	(1,344)	(1,180)	(294)	(1,474)
<i>Transactions with owners, recognised directly in equity</i>									
Dividend	-	-	578	-	-	-	578	203	781
Effects of dilution of interest in subsidiaries	-	-	-	-	-	448	448	(572)	(124)
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	591	591
Balance as at 30 June 2019	77,670	(2,179)	1,957	1,110	(99)	(30,937)	47,522	(218)	47,304



(In S\$'000)

<u>Company</u>	Share capital	Capital reserve	Share-based payment reserve	Accumulated losses	Total equity
Balance as at 1 January 2020	88,945	(6,716)	2,296	(9,382)	75,143
Loss for the period, representing total comprehensive loss for the period	-	-	-	(1,909)	(1,909)
Issuance of ordinary shares	2,683	-	-	-	2,683
Share-based payment - equity settled	-	-	327	-	327
Balance as at 30 June 2020	91,628	(6,716)	2,623	(11,291)	76,244
Balance as at 1 January 2019	77,670	(6,716)	1,214	(422)	71,746
Loss for the period, representing total comprehensive loss for the period	-	-	-	(1,687)	(1,687)
Issuance of ordinary shares	-	-	-	-	-
Share-based payment - equity settled	-	-	132	-	132
Balance as at 30 June 2019	77,670	(6,716)	1,346	(2,109)	70,191



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.

	Number of shares	Issued and paid-up share capital S\$
As at 31 December 2019	580,984,234	88,944,796
Issuance of Conversion Shares ⁽¹⁾	19,285,708	2,682,880
As at 30 June 2020	600,269,942	91,627,676

Note:

⁽¹⁾ In April 2020 and May 2020, the Company issued 19,285,708 Conversion Shares to certain subscribers of the Convertible Bonds pursuant to the conversion of the Convertible Bonds.

As at 30 June 2020, the Company had outstanding Convertible Bonds with an aggregate principal amount of S\$8.30 million, convertible into approximately 59,285,720 Conversion Shares at the Adjusted Conversion Price of S\$0.14 per Conversion Share.

As at 30 June 2019, the Company had outstanding Convertible Bonds with an aggregate principal amount of S\$11 million, convertible into approximately 39,285,714 Conversion Shares at a then conversion price of S\$0.28 per Conversion Share. The conversion price was adjusted to the Adjusted Conversion Price of S\$0.14 as announced on 1 August 2019.

As at 30 June 2020 and 30 June 2019, there were no treasury shares held by the Company and there were no subsidiary holdings.

1(d)(iii) To show the 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 June 2020	As at 31 December 2019
Total number of issued ordinary shares excluding treasury shares	600,269,942	580,984,234

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 as there were no treasury shares.

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 as there were no subsidiary holdings.



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 auditors of the Company.

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.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

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

Save as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year ending 31 December 2020 ("FY2020") as compared to those applied in the audited financial statements for the financial year ended 31 December 2019 ("FY2019").

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 applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") which became effective for annual periods beginning on or after 1 January 2020. The adoption of the new and revised SFRS(I) has no material effect on the financial statements for the current financial period.

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.

	Group	
	<u>HY FY2020</u>	<u>HY FY2019</u>
Profit/(loss) attributable to owners of the Company (S\$'000)	3,218	(1,344)
Weighted average number of shares ('000)	584,520	489,640
Earnings/(loss) per share (cents)		
- Basic and diluted	0.55	(0.27)

For the purpose of calculating diluted earnings/(loss) per share, profit/(loss) attributable to owners of the Company and the weighted average number of shares are adjusted for the effects of all dilutive instruments.

Basic and diluted earnings/(loss) per share is the same as the Convertible Bonds are anti-dilutive.



7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares, excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

	Group		Company	
	30/6/20	31/12/19	30/6/20	31/12/19
Net asset value (S\$'000)	58,265	49,387	76,244	75,143
Number of shares ('000)	600,270	580,984	600,270	580,984
Net asset value per share (cents)	9.71	8.50	12.70	12.93

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

REVIEW OF THE GROUP'S PERFORMANCE

Revenue

Revenue increased by 213.1% or S\$14.61 million, from S\$6.85 million in HY FY2019 to S\$21.46 million in HY FY2020.

Revenue from the Group's medical clinics/centres increased by S\$10.89 million, from S\$1.81 million in HY FY2019 to S\$12.69 million in HY FY2020. The increase was mainly due to contributions by the nine dental clinics which were acquired by the Group in late August 2019, the medical clinics/centres operations in Hong Kong and the Philippines from the sale of medical supplies (i.e. face masks and personal protective items), provision of COVID-19 testing related services in the Philippines and distribution of the COVID-19 Antibody Test Kits .

Revenue from the Group's healthcare systems, comprising the provision of laboratory services and renal care services increased by S\$3.72 million, from S\$5.05 million in HY FY2019 to S\$8.77 million in HY FY2020. The increase was mainly contributed by PT Tirta Medika Jaya ("**PT TMJ**") of S\$0.19 million and PT Indo Genesis Medika ("**IGM Labs**") of S\$3.60 million, of which IGM Labs was acquired in May 2019. The increase was partially offset by a decrease in revenue derived from SAM Laboratory Pte Ltd ("**SAM**") as SAM transferred certain assets relating to its clinical laboratory business and operations to Biomedics Laboratory Pte Ltd ("**Biomedics**"). Subsequently, the Group completed the disposal of shares in Biomedics in May 2020.

Purchases

Purchases increased by 200.4% or S\$8.55 million, from S\$4.27 million in HY FY2019 to S\$12.82 million in HY FY2020, in line with the increase in revenue.

Purchases mainly comprised direct expenses incurred in processing specimens by in-house laboratory testing facilities or outsourced third party clinical laboratories, supplies of the COVID-19 Antibody Test Kits as well as consumables and medicines used by medical clinics/centres and renal care services.



Employee benefits expense

Employee benefits expense increased by 14.2% or S\$0.49 million, from S\$3.44 million in HY FY2019 to S\$3.93 million in HY FY2020 mainly due to increased headcount arising from the acquisition of the nine dental clinics and employment severance expense incurred by the Group's operations in the United States of America ("US").

Depreciation expense

Depreciation expense increased by 154.9% or S\$1.21 million from S\$0.78 million in HY FY2019 to S\$1.99 million in HY FY2020 mainly due to depreciation expense recorded by IGM Labs acquired in May 2019 and the nine dental clinics acquired in August 2019, and depreciation expense on the right-of-use assets.

Amortisation expense

Amortisation expense increased by 64.8% or S\$35,000, from S\$54,000 in HY FY2019 to S\$89,000 in HY FY2020. The increase in amortisation expense was attributable to the intangible assets identified from the acquisition of IGM Labs in May 2019, partially offset by intangible asset fully amortised in FY2019.

Other income

Other income increased by 172.1% or S\$0.90 million, from S\$0.53 million in HY FY2019 to S\$1.43 million in HY FY2020 mainly due to (a) gain from the disposal of shares in Biomedics of S\$0.50 million, (b) an increase in grant income of S\$0.27 million from government grants relating to the Jobs Support Scheme, the Wage Credit Scheme and other grants from government agencies, (c) an increase in foreign exchange gains of S\$0.08 million and (d) an increase in licensing income of S\$0.04 million from the licensing of patents for fourier ptychographic microscope.

Fair value gain on an associate

The Group recorded a fair value gain on an associate of S\$3.61 million in HY FY2020, compared to a fair value gain of S\$4.21 million in HY FY2019. The fair value gain on an associate was due to the increase in the market value of the Group's interest in Biolidics Limited ("**Biolidics**"), a company listed on SGX Catalyst.

Fair value gain/(loss) on derivative financial instruments

Fair value gain on derivative financial instruments was mainly attributable to changes in the fair value of the call options granted by SPRING SEEDS Capital Pte. Ltd. ("**Spring Seeds Capital**") to the Group in respect of Spring Seeds Capital's interests in Biolidics (the "**Biolidics Call Option**") and Singapore Institute of Advanced Medicine Holdings Pte. Ltd. ("**SIAMH**") (the "**SIAMH Call Option**"), fair value of the Convertible Bonds issued by the Company, as well as fair value of redeemable exchangeable bond (the "**REB**") issued by PT Kreasi Putra Nusantara ("**KPN**") to SAM. The REB will be exchangeable at SAM's option into shares in IGM Labs held by KPN representing 20% of the total issued share capital of IGM Labs subject to KPN's option to redeem the REB within one year from the completion date (the "**Redemption Period**"). On 22 June 2020, the Redemption Period has been extended for an additional 12-month period.

On 17 February 2020, Spring Seeds Capital had agreed to further extend the expiry of the Biolidics Call Option from 28 February 2020 to 28 November 2020. However, the SIAMH Call Option was not extended and expired on 28 February 2020 which resulted in a reversal of derivative financial instruments assets recognized on the SIAMH Call Option in HY FY2020.

The Group recorded a fair value gain on derivative financial instruments of S\$0.72 million in HY FY2020, as compared to a loss of S\$0.63 million in HY FY2019 due to an increase in the fair value on the Biolidics Call Option of S\$2.12 million and a decrease in fair value loss on the Convertible Bonds of S\$0.03 million, partially offset by a reversal of fair value assets recognised on the SIAMH Call Option of S\$0.63 million and an increase in fair value loss on the REB of S\$0.17 million.

The fair value of the Biolidics Call Option, the SIAMH Call Option, the REB and the Convertible Bonds was arrived at based on an option pricing model which took into account, among others, the fair value of Biolidics, SIAMH, IGM Labs and the Company as well as volatilities in the valuation of comparable companies.

Other operating expenses

Other operating expenses increased by 1.7% or S\$0.06 million, from S\$3.41 million in HY FY2019 to S\$3.47 million in HY FY2020. This was mainly due to (a) an increase in custom duty and import tax expenses on sales of the COVID-19 Antibody Test Kits of S\$0.85 million, (b) repair and maintenance expense of S\$0.41 million recorded by IGM Labs which was acquired in May 2019, and (c) provision of expected credit losses on other receivables of S\$0.11 million. The increase was partially offset by (a) the expenses in connection with the termination of employment of employees due to the streamlining of operations in the US of S\$0.65 million recognized in HY FY2019, (b) the decrease in professional fees of S\$0.38 million, and (c) fair value loss on contingent consideration relating to business combination of S\$0.29 million in HY FY2019.

To provide better clarity to the readers, the Group has identified the following other operating expenses as non-recurring expenses:

- i) professional fees and other miscellaneous expense relating to business acquisitions and collaborations in HY FY2020 of S\$0.22 million (HY FY2019: S\$0.38 million);
- ii) consultancy fees and other administrative expenses in HY FY2020 of S\$0.19 million (HY FY2019: S\$0.47 million) incurred for research and development activities which were streamlined;
- iii) provision of expected credit losses on other receivables in HY FY2020 of S\$0.11 million (HY FY2019: Nil),

and partially offset by the fair value adjustment in HY FY2020 of S\$0.01 million (HY FY2019: S\$0.29 million) in respect of the contingent consideration relating to business combinations.

Finance costs

The Group's finance costs comprise mainly interest expense incurred on bank loans, lease liabilities and the Convertible Bonds.

In HY FY2020, the Group has secured temporary bridging loan facilities of S\$4.00 million for working capital purposes. As of 30 June 2020, the Group had drawdown S\$1.50 million of the said loan facilities and the balance of S\$2.50 million remains undrawn.

Finance costs increased by 37.3% or S\$0.27 million, from S\$0.71 million in HY FY2019 to S\$0.98 million in HY FY2020 mainly due to an increase in interest expense incurred on the bank loans taken up by the Group for its acquisitions, working capital purposes and the interest charged on the Convertible Bonds issued by the Company in FY2019, partially offset by a decrease in interest accrued on the call options granted by Spring Seeds Capital to the Group in respect of Spring Seeds Capital's investments in Clearbridge Biophotonics Pte. Ltd ("**CBBP**") as the call options had expired on 28 February 2020.

Income tax expense

Income tax expense increased by 188.7% or S\$0.12 million, from S\$0.06 million in HY FY2019 to S\$0.18 million in HY FY2020. The increase in income tax expense was due to higher income tax expenses recognised by PT TMJ and the nine dental clinics.



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Profit/(loss) for the period

As a result of the foregoing, the Group recorded a profit of S\$3.77 million in HY FY2020 as compared to a loss of S\$1.77 million in HY FY2019.

Excluding the abovementioned non-recurring expenses identified in other operating expenses, fair value changes in associate and derivative financial instruments, the profit before taxation recorded by the Group would have been S\$0.89 million in HY FY2020 as compared to a loss before taxation of S\$3.49 million in HY FY2019.

REVIEW OF THE GROUP'S FINANCIAL POSITION

Non-current assets

The Group's non-current assets increased by 1.8% or S\$1.23 million, from S\$66.68 million as at 31 December 2019 to S\$67.91 million as at 30 June 2020. This was mainly due to (a) an increase in investment in an associate, Biolidics of S\$3.61 million, (b) an increase in other receivables of S\$2.72 million mainly due to contingent consideration receivable from disposal of shares in Biomedics, (c) an increase in investment property of S\$2.14 million due to reclassification of the Mapex property from property, plant and equipment. The said property was previously used in the laboratory testing services provided by SAM and is now held to earn rental from external parties.

These increases were partially offset by (a) a decrease in property, plant and equipment of S\$3.86 million mainly due to reclassification to investment property as mentioned above and the depreciation expense recorded during the period, (b) decrease in derivative of financial instruments of S\$2.36 million due to reclassification current assets as at 30 June 2020, and (c) a decrease in right-of-use assets of S\$0.10 million representing depreciation on the Group's right to use the office premises, clinics and medical centres during the lease terms recognised in accordance with SFRS(I) 16.

Current assets

The Group's current assets increased by 6.3% or S\$1.92 million, from S\$30.24 million as at 31 December 2019 to S\$32.16 million as at 30 June 2020. This was mainly due to (a) an increase in cash and bank balances of S\$2.96 million, (b) an increase in prepayment of S\$0.22 million due to prepayment made to supplier of COVID-19 Antibody Test Kits and (c) reclassification of derivative financial instruments of S\$3.88 million from non-current asset to current assets. This was partially offset by decrease in trade and other receivables and inventories of S\$5.14 million mainly due to better collections and lower inventories held in Indonesia.

Current liabilities

The Group's current liabilities decreased by 17.6% or S\$4.26 million, from S\$24.20 million as at 31 December 2019 to S\$19.94 million as at 30 June 2020. This was mainly due to (a) a decrease in borrowings of S\$0.69 million comprising the current portion of bank loans and the Convertible Bonds, (b) a decrease in trade payables of S\$1.54 million mainly due to lower purchases by the Group's subsidiaries in Indonesia, (c) a decrease in other payables of S\$1.90 million mainly due to the de-recognition of amount payable in relation to the call options granted by Spring Seeds Capital in respect of its interests in the Group's subsidiary, CBBP pursuant to the expiry of the call options on 28 February 2020 and (d) a decrease in lease liabilities of S\$0.24 million. The Group had not exercised the call options as CBBP was incurring losses. This was partially offset by an increase in derivative financial instruments of S\$0.17 million in respect of the REB measured at fair value.

Non-current liabilities

The Group's non-current liabilities decreased by 6.3% or S\$1.48 million, from S\$23.34 million as at 31 December 2019 to S\$21.86 million as at 30 June 2020. This was mainly due to a decrease in borrowings of S\$2.41 million comprising the non-current portion of bank loans and the Convertible Bonds and other payables of S\$1.06 million mainly due to the contingent consideration payable for



the acquisition of Medic Laser Pte Ltd and Medic Surgical Pte Ltd reclassified from non-current liabilities to current liabilities. This was partially offset by an increase in derivative financial instruments of S\$0.71 million in respect of the Convertible Bonds measured at fair value, the non-current portion of lease liabilities of S\$0.15 million and increase in other payables of S\$1.15 million for convertible loans due to Spring Seeds Capital in relation to the expiry of the call options granted by Spring Seeds Capital in respect of its interests in the Group's subsidiary, CBBP pursuant to the expiry of the call options on 28 February 2020.

REVIEW OF THE GROUP'S CASH FLOW STATEMENT

Cash inflow before changes in working capital for HY FY2020 amounted to S\$2.39 million. Net cash generated from working capital for HY FY2020 amounted to S\$2.72 million mainly due to a decrease in trade and other receivables of S\$2.97 million, a decrease in inventories of S\$0.23 million and an increase in other payables of S\$1.25 million, partially offset by a decrease in trade payables of S\$1.51 million and an increase in prepayments of S\$0.22 million.

As a result, net cash generated from operating activities after adjusting for cash paid for income tax and interest expense, amounted to S\$4.52 million in HY FY2020.

Net cash used in investing activities for HY FY2020 amounted to S\$0.18 million. This was mainly due to capital expenditure incurred by PT TMJ and was partially offset by net proceeds received from disposal of shares in Biomedics.

Net cash used in financing activities for HY FY2020 amounted to S\$0.65 million, which was mainly attributable to the repayment of bank loans of S\$2.28 million, the payment of lease liabilities of S\$0.24 million and the dividend paid by subsidiaries to non-controlling shareholders of S\$0.16 million. These outflows were partially offset by proceeds from bank loans of S\$1.76 million and a decrease in restricted deposits of S\$0.29 million.

As a result, after adjusting for the effects of foreign exchange rate changes, there was a net increase in cash and cash equivalents of S\$3.25 million, from S\$10.09 million as at 31 December 2019 to S\$13.34 million as at 30 June 2020.

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

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

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.

The COVID-19 outbreak has evolved into a global pandemic. Most businesses, including those in the resilient healthcare sector, have been affected adversely to varying degrees. While a majority of our medical centres/clinics and laboratories remained operational during HY FY2020, they experienced a smaller patient load as the movement of people was curtailed. In some countries, foreign patients are still prohibited from entering the country to seek medical care and non-critical healthcare services are deferred in efforts to contain the spread of the COVID-19 pandemic.

However, in view of the gradual easing of restriction from June 2020 onwards in the countries in which the Group operates, the Group has resumed operations of healthcare services that were previously closed or operating under restricted conditions and has observed a gradual recovery of patient loads.

Due to, amongst other factors, the uncertainty relating to the response of healthcare regulators and physicians to the COVID-19 pandemic and uncertainty in global supply chains, the Group is unable to forecast or determine the demand for the COVID-19 Antibody Test Kits within the territories.



To manage its operating costs, the Group continues to enhance its internal capabilities and processes to achieve greater efficiencies and returns.

The Group will also continue to explore suitable opportunities to expand its business regionally through investments, mergers and acquisitions, joint ventures and/or strategic collaborations.

11 Dividend

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

Nil

(b) (i) Amount per share

Nil

(ii) Previous corresponding period

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).

Not applicable.

(d) Date payable

Not applicable.

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

Not applicable.

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

No dividend has been declared by the Company for HY FY2020. The Company does not have a formal/fixed dividend policy and in view of the uncertainty in the market outlook and business environment, the Board deems it prudent to defer any declaration on dividends.

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

The Group does not have a general mandate for interested person transactions. There was no interested person transaction of S\$100,000 or more in HY FY2020.



14 Negative confirmation by the Board pursuant to Rule 705(5)

To the best of the knowledge of the board of directors of the Company (“**Board**”), nothing has come to the attention of the Board which may render the financial results for HY FY2020 of the Group and the Company to be false or misleading in any material aspect.

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

The Company has procured the undertaking from all of its directors and executive officers as required under Rule 720(1) of the Listing Manual Section B: Rules of Catalist of the SGX-ST.

16 Use of IPO proceeds

Pursuant to the initial public offering of the Company, the Company received net proceeds of approximately S\$22.00 million (the “**IPO Net Proceeds**”). As at the date of this announcement, the IPO Net Proceeds have been utilised as follows:

	Amount allocated (as disclosed in the offer document) (S\$'000)	Amount utilised as at the date of this announcement (S\$'000)	Balance (S\$'000)
Expansion of medical clinics/centres business organically or through, <i>inter alia</i> , investments, mergers and acquisitions, joint ventures and/or strategic collaborations	11,000	(6,710)	4,290
Expansion of laboratory testing services business organically or through, <i>inter alia</i> , investments, mergers and acquisitions, joint ventures and/or strategic collaborations	3,000	(3,000)	-
Working capital and general corporate purposes ⁽¹⁾	8,000	(8,000)	-
Total	22,000	(17,710)	4,290

Note:

⁽¹⁾ Comprises operating expenses.



17. Use of placement shares proceeds

Pursuant to the issuance of the placement shares, the Company received net proceeds of approximately S\$11.28 million (the “**Placement Net Proceeds**”). As at the date of this announcement, the Placement Net Proceeds have been utilised as follows:

	Amount allocated (as disclosed in the placement shares announcement) (S\$'000)	Amount utilised as at the date of this announcement (S\$'000)	Balance (S\$'000)
Expansion of the Company's businesses through mergers and acquisitions, joint ventures, strategy collaborations and/or investment, or organically in Asia	7,893	-	7,893
General working capital purposes ⁽¹⁾	3,383	(3,383)	-
Total	11,276	(3,383)	7,893

Note:

⁽¹⁾ Comprises operating expenses



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ON BEHALF OF THE BOARD

Yee Pinh Jeremy
Executive Director and Chief Executive Officer

Chen Johnson
Non-Executive Non-Independent Chairman

Date
14 August 2020