



TALKMED GROUP LIMITED
(Company Registration No. 201324565Z)

UNAUDITED CONDENSED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND HALF AND FULL FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

	Note	1 July to 31 December 2022 ("2H 2022") \$'000 (Unaudited)	1 July to 31 December 2021 ("2H 2021") \$'000 (Unaudited)	Increase / (Decrease) %	1 January to 31 December 2022 ("FY 2022") \$'000 (Unaudited)	1 January to 31 December 2021 ("FY 2021") \$'000 (Audited)	Increase / (Decrease) %
The Group							
Revenue	4	44,131	31,892	38.4%	76,600	60,746	26.1%
Other items of income							
Interest income		735	195	276.9%	883	333	165.2%
Other income		124	1,241	(90.0%)	301	1,623	(81.5%)
Other items of expense							
Employee benefits expense		(16,075)	(13,740)	17.0%	(29,436)	(26,044)	13.0%
Share-based payments expense		(238)	(229)	3.9%	(499)	(512)	(2.5%)
Operating lease expense		(28)	(18)	55.6%	(59)	(48)	22.9%
Depreciation of right-of-use assets		(1,016)	(1,031)	(1.5%)	(2,027)	(2,096)	(3.3%)
Depreciation of property, plant and equipment		(249)	(258)	(3.5%)	(516)	(392)	31.6%
Finance costs		(164)	(164)	-	(346)	(391)	(11.5%)
Other operating expenses		(2,963)	(2,410)	22.9%	(5,159)	(4,858)	6.2%
Impairment loss		(640)	-	N.M.	(640)	-	N.M.
Share of results of associate		(254)	76	(434.2%)	(332)	(57)	482.5%
Share of results of joint ventures		(1,132)	(795)	42.4%	(1,923)	(1,018)	88.9%
Profit before tax	6	22,231	14,759	50.6%	36,847	27,286	35.0%
Income tax expense	7	(4,689)	(3,065)	53.0%	(7,856)	(5,858)	34.1%
Profit for the year		17,542	11,694	50.0%	28,991	21,428	35.3%

N.M. = not meaningful

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

	2H 2022 \$'000 (Unaudited)	2H 2021 \$'000 (Unaudited)	Increase / (Decrease) %	FY 2022 \$'000 (Unaudited)	FY 2021 \$'000 (Audited)	Increase / (Decrease) %
The Group						
Attributable to:						
Owners of the Company	18,417	14,305	28.7%	30,547	25,115	21.6%
Non-controlling interests	(875)	(2,611)	(66.5%)	(1,556)	(3,687)	(57.8%)
	17,542	11,694	50.0%	28,991	21,428	35.3%
Other comprehensive income: Items that may be reclassified subsequently to profit or loss						
Foreign currency translation	(678)	139	(587.8%)	(712)	351	(302.8%)
Other comprehensive income for the year, net of tax	(678)	139	(578.8%)	(712)	351	(302.8%)
Total comprehensive income for the year	16,864	11,833	42.5%	28,279	21,779	29.8%
Attributable to:						
Owners of the Company	17,739	14,444	22.8%	29,835	25,466	17.2%
Non-controlling interests	(875)	(2,611)	(66.5%)	(1,556)	(3,687)	(57.8%)
Total comprehensive income for the year	16,864	11,833	42.5%	28,279	21,779	29.8%

B. Condensed statements of financial position

	Note	Group		Company	
		31/12/2022 \$'000 (Unaudited)	31/12/2021 \$'000 (Audited)	31/12/2022 \$'000 (Unaudited)	31/12/2021 \$'000 (Audited)
ASSETS					
Non-current assets					
Property, plant and equipment	11	5,999	2,349	-	-
Investment property	16	-	-	4,007	-
Right-of-use assets		4,083	6,165	-	-
Investment in subsidiaries	12	-	-	19,152	19,422
Investment in joint ventures		1,786	4,102	-	-
Investment in associate		1,910	2,242	11,398	11,399
Investment securities	14	-	1,093	-	1,093
Loan to a joint venture		306	-	-	-
Trade receivables		300	410	-	-
		14,384	16,361	34,557	31,914
Current assets					
Inventories		1,275	772	-	-
Investment securities held for sale	15	653	-	653	-
Prepaid operating expenses		444	486	21	19
Trade and other receivables		11,822	9,002	459	15,212
Cash and short-term deposits		80,588	82,164	22,618	757
		94,782	92,424	23,751	15,988
Total assets		109,166	108,785	58,308	47,902
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables		2,867	2,170	66	15
Other liabilities		6,815	4,218	181	218
Lease liabilities		1,851	1,975	-	-
Income tax payable		7,850	5,882	-	-
		19,383	14,245	247	233
Net current assets		75,399	78,179	23,504	15,755
Non-current liabilities					
Lease liabilities		2,552	4,493	-	-
Loan from non-controlling shareholder to subsidiary		2,682	2,547	-	-
		5,234	7,040	-	-
Total liabilities		24,617	21,285	247	233
Net assets		84,549	87,500	58,061	47,669

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

	Note	Group		Company	
		31/12/2022	31/12/2021	31/12/2022	31/12/2021
		\$'000	\$'000	\$'000	\$'000
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
Equity attributable to owners of the Company					
Share capital	13	25,119	24,505	25,119	24,505
Merger reserve		(2,311)	(2,311)	-	-
Share-based payments reserve		930	1,446	930	1,446
Other reserve		2,807	2,807	-	-
Foreign currency translation reserve		(148)	564	-	-
Retained earnings		62,317	63,167	32,012	21,718
		88,714	90,178	58,061	47,669
Non-controlling interests		(4,165)	(2,678)	-	-
Total equity		84,549	87,500	58,061	47,669
Total equity and liabilities		109,166	108,785	58,308	47,902

C. Condensed statements of changes in equity

The Group (Unaudited)	Note	Attributable to owners of the Company						Non- controlling interests	Total equity
		Share capital	Merger reserve	Share- based payments reserve	Other reserve	Foreign currency translation reserve	Retained earnings		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Balance at 1 January 2022		24,505	(2,311)	1,446	2,807	564	63,167	(2,678)	87,500
Profit for the year		-	-	-	-	-	30,547	(1,556)	28,991
<u>Other comprehensive income</u>									
Foreign currency translation		-	-	-	-	(712)	-	-	(712)
Other comprehensive income for the year, net of tax		-	-	-	-	(712)	-	-	(712)
Total comprehensive income for the year		-	-	-	-	(712)	30,547	(1,556)	28,279
<u>Distributions to and contributions by owners</u>									
Dividends	8	-	-	-	-	-	(31,729)	-	(31,729)
Share-based payments		-	-	430	-	-	-	69	499
Lapsed employee share options		-	-	(332)	-	-	332	-	-
Ordinary shares issued upon vesting of performance shares	13	614	-	(614)	-	-	-	-	-
Balance at 31 December 2022		25,119	(2,311)	930	2,807	(148)	62,317	(4,165)	84,549

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

The Group (Audited)	Note	Attributable to owners of the Company							Total equity \$'000
		Share capital \$'000	Merger reserve \$'000	Share- based payments reserve \$'000	Other reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Non- controlling interests \$'000	
Balance at 1 January 2021		23,905	(2,311)	1,583	2,807	213	57,237	(4,679)	78,755
Profit for the year		-	-	-	-	-	25,115	(3,687)	21,428
<u>Other comprehensive income</u>									
Foreign currency translation		-	-	-	-	351	-	-	351
Other comprehensive income for the year, net of tax		-	-	-	-	351	-	-	351
Total comprehensive income for the year		-	-	-	-	351	25,115	(3,687)	21,779
<u>Distributions to and contributions by owners</u>									
Dividends	8	-	-	-	-	-	(19,141)	-	(19,141)
Share-based payments		-	-	463	-	-	-	49	512
Contribution of capital by non-controlling shareholder		-	-	-	-	-	-	2,800	2,800
Capitalisation of loans from non-controlling shareholder to a subsidiary		-	-	-	-	-	-	3,282	3,282
Ordinary shares issued upon vesting of performance shares	13	600	-	(600)	-	-	-	-	-
<u>Changes in ownership interests in subsidiary</u>									
Dilution in subsidiary without a loss in control		-	-	-	-	-	(44)	44	-
Disposal of a subsidiary ⁽¹⁾		-	-	-	-	-	-	(487)	(487)
Balance at 31 December 2021		24,505	(2,311)	1,446	2,807	564	63,167	(2,678)	87,500

Note:-

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

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

The Company (Unaudited)	Note	Attributable to owners of the Company			
		Share capital \$'000	Share- based payments reserve \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 January 2022		24,505	1,446	21,718	47,669
Profit for the year, representing total comprehensive income for the year		-	-	41,691	41,691
<u>Distributions to and contributions by owners</u>					
Dividends	8	-	-	(31,729)	(31,729)
Share-based payments		-	430	-	430
Ordinary shares issued upon vesting of performance shares	13	614	(614)	-	-
Lapsed employee share options		-	(332)	332	-
Balance at 31 December 2022		25,119	930	32,012	58,061
The Company (Audited)					
Balance at 1 January 2021		23,905	1,583	17,592	43,080
Profit for the year, representing total comprehensive income for the year		-	-	23,267	23,267
<u>Distributions to and contributions by owners</u>					
Dividends	8	-	-	(19,141)	(19,141)
Share-based payments		-	463	-	463
Ordinary shares issued upon vesting of performance shares	13	600	(600)	-	-
Balance at 31 December 2021		24,505	1,446	21,718	47,669

D. Condensed consolidated statement of cash flows

The Group	Note	2H 2022 \$'000 (Unaudited)	2H 2021 \$'000 (Unaudited)	FY 2022 \$'000 (Unaudited)	FY 2021 \$'000 (Audited)
Operating Activities					
Profit before tax		22,231	14,759	36,847	27,286
<u>Adjustments for:</u>					
Depreciation of property, plant and equipment		249	258	516	392
Depreciation of right-of-use assets		1,016	1,031	2,027	2,096
Share-based payments expense		238	229	499	512
Finance costs on unwinding of discount adjustment of loan to subsidiary	6	67	64	135	172
Finance costs on lease liabilities	6	97	100	211	219
Interest income		(735)	(195)	(883)	(333)
Impairment loss on loan granted to a joint venture		200	-	200	-
Impairment loss on investment securities held for sale		440	-	440	-
Share of results of associate		254	(76)	332	57
Share of results of joint ventures		1,132	795	1,923	1,018
Gain on disposal of a subsidiary ⁽¹⁾	6	-	(996)	-	(996)
Currency re-alignment		21	53	26	127
Operating cash flows before changes in working capital		25,210	16,022	42,273	30,550
Changes in working capital					
(Increase)/decrease in inventories		(348)	120	(503)	77
Decrease/(increase) in prepaid operating expenses		11	(22)	42	90
(Increase)/decrease in trade and other receivables		(2,817)	(2,504)	(2,429)	697
Increase in trade and other payables		614	498	697	428
Increase in other liabilities		2,557	1,073	2,597	273
Total changes in working capital		17	(835)	404	1,565
Cash flows generated from operations		25,227	15,187	42,677	32,115
Interest received		415	195	597	363
Interest paid on lease liabilities		(97)	(100)	(211)	(219)
Income tax paid		(2,944)	(3,139)	(5,888)	(9,101)
Net cash flows generated from operating activities		22,601	12,143	37,175	23,158
Investing Activities					
Purchase of plant and equipment	11	(291)	(372)	(314)	(770)
Purchase of property		(4,012)	-	(4,012)	-
Net cash outflow on disposal of a subsidiary ⁽¹⁾		-	(1,122)	-	(1,122)
Investment in joint venture		-	(85)	(86)	(85)
Loan to a joint venture		(600)	-	(600)	-
Net cash flows used in investing activities		(4,903)	(1,579)	(5,012)	(1,977)
Financing Activities					
Dividends paid on ordinary shares	8	(19,831)	(9,241)	(31,729)	(19,141)
Proceeds from issuance of shares by a subsidiary to non-controlling shareholder		-	1,200	-	2,800
Payment for principal portion of lease liabilities		(1,025)	(1,304)	(2,010)	(2,106)
Net cash flows used in financing activities		(20,856)	(9,345)	(33,739)	(18,447)
Net (decrease)/ increase in cash and cash equivalents		(3,158)	1,219	(1,576)	2,734
Cash and cash equivalents at beginning of the period		83,746	80,945	82,164	79,430
Cash and cash equivalents at end of the period		80,588	82,164	80,588	82,164

Note:-

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

E. Notes to the condensed consolidated financial statements

1. Corporate information

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

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

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

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

These condensed consolidated financial statements as at and for the full financial year ended 31 December 2022 (“**FY 2022**”), as well as for the second half year ended 31 December 2022 (“**2H 2022**”), comprise the Company and its subsidiaries (collectively, the “**Group**”) and the comparable periods are for the full financial year ended 31 December 2021 (“**FY 2021**”) and for the second half year ended 31 December 2021 (“**2H 2021**”) respectively.

2. Basis of preparation

The condensed financial statements for 2H 2022 and FY 2022 have been prepared in accordance with Singapore Financial Reporting Standard (International) (“**SFRS(I)**”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2022 (“**1H 2022**”).

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

2.1 New and amended standards adopted by the Group

A number of amendments to SFRS(I)s have become applicable for the current financial year. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2. Basis of preparation (cont'd)

2.2 Use of judgements and estimates

In preparing the condensed 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 expenses. Actual results may differ from these estimates.

There were no significant judgements made by management in applying the Group's accounting policies for the condensed financial statements. The key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at 31 December 2021 and for FY 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following note:

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

3. Seasonal operations

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

4. Segment and revenue information

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

i) Oncology services

Consultancy services

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

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

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

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

4. Segment and revenue information (cont'd)

i) Oncology services (cont'd)

Management fees

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

ii) Cellular and gene therapy related products and services

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

4.1 Reportable segments

	Group							
	Oncology services		Stem cell related products and services ⁽¹⁾		Cellular and gene therapy related products and services		Per consolidated financial statements	
	2H 2022	2H 2021	2H 2022	2H 2021	2H 2022	2H 2021	2H 2022	2H 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue								
External customers, representing total revenue	42,104	31,371	-	322	2,027	199	44,131	31,892
Results								
Interest income	735	195	-	-	-	-	735	195
Employee benefits expense	14,277	12,203	-	154	1,798	1,383	16,075	13,740
Share-based payments expense	238	229	-	-	-	-	238	229
Depreciation of right-of-use assets	888	854	-	55	128	122	1,016	1,031
Depreciation of property, plant and equipment	236	228	-	16	13	14	249	258
Finance costs on lease liabilities	91	84	-	6	6	10	97	100
Finance costs on unwinding of discount adjustment of loan to subsidiary	-	-	-	-	67	64	67	64
Impairment loss	640	-	-	-	-	-	640	-
Share of (loss)/profit of associate	(254)	76	-	-	-	-	(254)	76
Share of losses of joint ventures	1,132	795	-	-	-	-	1,132	795
Gain on disposal of a subsidiary	-	996	-	-	-	-	-	996
Income tax expense	4,689	3,065	-	-	-	-	4,689	3,065
Segment profit/(loss)	19,629	14,255	-	(175)	(2,087)	(2,386)	17,542	11,694
Assets								
Investment in associate	1,910	2,242	-	-	-	-	1,910	2,242
Investment in joint ventures	1,786	4,102	-	-	-	-	1,786	4,102
Investment securities held for sale	653	-	-	-	-	-	653	-
Investment securities	-	1,093	-	-	-	-	-	1,093
Segment assets	101,543	95,851	-	-	3,274	5,497	104,817	101,348
Total assets	105,892	103,288	-	-	3,274	5,497	109,166	108,785
Liabilities								
Segment liabilities	19,005	17,118	-	-	5,612	4,167	24,617	21,285

Note:-

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

4.1 Reportable segments (cont'd)

	Group							
	Oncology services		Stem cell related products and services ⁽¹⁾		Cellular and gene therapy related products and services		Per consolidated financial statements	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Revenue								
External customers, representing total revenue	73,363	59,752	-	795	3,237	199	76,600	60,746
Results								
Interest income	883	331	-	-	-	2	883	333
Employee benefits expense	26,208	23,047	-	390	3,228	2,607	29,436	26,044
Share-based payments expense	499	512	-	-	-	-	499	512
Depreciation of right-of-use assets	1,770	1,715	-	159	257	222	2,027	2,096
Depreciation of property, plant and equipment	502	335	-	40	14	17	516	392
Finance costs on lease liabilities	196	187	-	12	15	20	211	219
Finance costs on unwinding of discount adjustment of loan to subsidiary	-	-	-	43	135	129	135	172
Impairment loss	640	-	-	-	-	-	640	-
Share of loss of associate	332	57	-	-	-	-	332	57
Share of losses of joint ventures	1,923	1,018	-	-	-	-	1,923	1,018
Gain on disposal of a subsidiary	-	996	-	-	-	-	-	996
Income tax expense	7,856	5,858	-	-	-	-	7,856	5,858
Segment profit/(loss)	32,678	26,502	-	(535)	(3,687)	(4,539)	28,991	21,428
Assets								
Investment in associate	1,910	2,242	-	-	-	-	1,910	2,242
Investment in joint ventures	1,786	4,102	-	-	-	-	1,786	4,102
Investment securities held for sale	653	-	-	-	-	-	653	-
Investment securities	-	1,093	-	-	-	-	-	1,093
Segment assets	101,543	95,851	-	-	3,274	5,497	104,817	101,348
Total assets	105,892	103,288	-	-	3,274	5,497	109,166	108,785
Liabilities								
Segment liabilities	19,005	17,118	-	-	5,612	4,167	24,617	21,285

Note:-

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

4.2 Disaggregation of revenue

The tables below summarise information about the Group's revenue for 2H 2022, 2H 2021, FY 2022 and FY 2021 which are disaggregated by segments, geographical markets and the timing of transfer of goods or services (either at a point in time or over time).

	Group									
	Oncology services				Stem cell related products and services ⁽¹⁾		Cellular and gene therapy related products and services		Total revenue	
	Consultancy services		Management fees		2H 2022 \$'000 (Unaudited)	2H 2021 \$'000 (Unaudited)	2H 2022 \$'000 (Unaudited)	2H 2021 \$'000 (Unaudited)	2H 2022 \$'000 (Unaudited)	2H 2021 \$'000 (Unaudited)
	2H 2022 \$'000 (Unaudited)	2H 2021 \$'000 (Unaudited)	2H 2022 \$'000 (Unaudited)	2H 2021 \$'000 (Unaudited)						
Primary geographical markets										
Singapore	26,476	17,837	15,125	12,822	-	312	-	109	41,601	31,080
China and Hong Kong	404	591	68	66	-	-	-	-	472	657
Vietnam	22	38	9	17	-	2	-	-	31	57
Malaysia	-	-	-	-	-	3	-	-	-	3
Indonesia	-	-	-	-	-	4	-	-	-	4
Philippines	-	-	-	-	-	1	-	-	-	1
Australia	-	-	-	-	-	-	1,775	90	1,775	90
Others	-	-	-	-	-	-	252	-	252	-
	26,902	18,466	15,202	12,905	-	322	2,027	199	44,131	31,892
Timing of transfer of goods or services										
At a point in time	-	-	-	-	-	290	2,027	199	2,027	489
Over time	26,902	18,466	15,202	12,905	-	32	-	-	42,104	31,403
	26,902	18,466	15,202	12,905	-	322	2,027	199	44,131	31,892

Note:-

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

4.2 Disaggregation of revenue (cont'd)

	Group									
	Oncology services				Stem cell related products and services ⁽¹⁾		Cellular and gene therapy related products and services		Total revenue	
	Consultancy services		Management fees		FY 2022 \$'000 (Unaudited)	FY 2021 \$'000 (Audited)	FY 2022 \$'000 (Unaudited)	FY 2021 \$'000 (Audited)	FY 2022 \$'000 (Unaudited)	FY 2021 \$'000 (Audited)
	FY 2022 \$'000 (Unaudited)	FY 2021 \$'000 (Audited)	FY 2022 \$'000 (Unaudited)	FY 2021 \$'000 (Audited)						
Primary geographical markets										
Singapore	47,457	36,944	25,041	21,801	-	723	-	109	72,498	59,577
China and Hong Kong	660	758	134	129	-	-	-	-	794	887
Vietnam	53	84	18	36	-	6	-	-	71	126
Malaysia	-	-	-	-	-	35	-	-	-	35
Indonesia	-	-	-	-	-	9	-	-	-	9
Philippines	-	-	-	-	-	22	-	-	-	22
Australia	-	-	-	-	-	-	2,563	90	2,563	90
India	-	-	-	-	-	-	417	-	417	-
Others	-	-	-	-	-	-	257	-	257	-
	48,170	37,786	25,193	21,966	-	795	3,237	199	76,600	60,746
Timing of transfer of goods or services										
At a point in time	-	-	-	-	-	702	3,237	199	3,237	901
Over time	48,170	37,786	25,193	21,966	-	93	-	-	73,363	59,845
	48,170	37,786	25,193	21,966	-	795	3,237	199	76,600	60,746

Note:-

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

4.3 Revenue and operating profit after tax breakdown

The table below shows the breakdown of the Group's revenue and operating profit after tax:

	FY 2022 \$'000 (Unaudited)	Group FY 2021 \$'000 (Audited)	Increase/ (Decrease) %
Sales reported for first half year	32,469	28,854	12.5%
Operating profit after tax reported for first half year	11,449	9,734	17.6%
Sales reported for second half year	44,131	31,892	38.4%
Operating profit after tax reported for second half year	17,542	11,694	50.0%

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2022 and 31 December 2021:

	Group		Company	
	31/12/2022 \$'000 (Unaudited)	31/12/2021 \$'000 (Audited)	31/12/2022 \$'000 (Unaudited)	31/12/2021 \$'000 (Audited)
Financial assets				
Trade and other receivables (current)	11,822	9,002	459	15,212
Trade and other receivables (non-current)	300	410	-	-
Cash and short-term deposits	80,588	82,164	22,618	757
Less: GST receivable	(360)	(34)	(283)	-
Less: Grants receivable	-	(177)	-	(177)
Total financial assets carried at amortised cost	92,350	91,365	22,794	15,792
Investment securities carried at fair value through other comprehensive income	-	1,093	-	1,093
Investment securities held for sale	653	-	653	-
Total financial assets	93,003	92,458	23,447	16,885
Financial liabilities				
Trade and other payables	2,867	2,170	66	15
Accrued operating expenses	4,684	3,397	181	218
Lease liabilities	4,403	6,468	-	-
Loan from non-controlling shareholder to subsidiary	2,682	2,547	-	-
Less: GST payable	(1,361)	(899)	-	-
Total financial liabilities carried at amortised cost representing total financial liabilities	13,275	13,683	247	233

6. Profit before tax

6.1 Significant items

	Group			
	2H 2022 \$'000 (Unaudited)	2H 2021 \$'000 (Unaudited)	FY 2022 \$'000 (Unaudited)	FY 2021 \$'000 (Audited)
Gain on disposal of a subsidiary ⁽¹⁾	-	996	-	996
Finance costs on:				
- Lease liabilities	97	100	211	219
- Unwinding of discount adjustment of loan to subsidiary	67	64	135	172
	<u>164</u>	<u>164</u>	<u>346</u>	<u>391</u>

Note:-

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

6.2 Related party transactions

(a) Sales and purchases of goods and services

In addition to the related party information disclosed elsewhere in this set of condensed financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during 2H 2022, 2H 2021, FY 2022 and FY 2021:

	Group			
	2H 2022 \$'000 (Unaudited)	2H 2021 \$'000 (Unaudited)	FY 2022 \$'000 (Unaudited)	FY 2021 \$'000 (Audited)
Lease payments to directors and director-related companies	564	564	1,128	1,128
Lease payments to non-controlling shareholder	83	149	165	333
Service fees paid to non-controlling shareholder	44	14	44	102
Service fees paid to director-related companies	5	8	9	20
Payments made on behalf by non-controlling shareholder	-	5	-	16
Consultancy services rendered to associate	140	137	275	269
Stem cell processing fees charged to non-controlling shareholder	-	113	-	235

6. Profit before tax (cont'd)

6.2 Related party transactions (cont'd)

(b) Compensation of key management personnel

	Group			
	2H 2022	2H 2021	FY 2022	FY 2021
	\$'000	\$'000	\$'000	\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Short-term employee benefits	4,444	4,292	7,960	7,663
Directors' fees – directors of the Company and subsidiaries	250	200	500	390
Central Provident Fund contributions	40	43	74	77
Share-based payments expense	30	33	61	47
	4,764	4,568	8,595	8,177
Comprised amounts paid/payable to:				
- Directors of the Company	3,370	3,314	6,329	6,214
- Other key management personnel	1,394	1,254	2,266	1,963
	4,764	4,568	8,595	8,177

7. Taxation

The Group calculates the income tax expense for 2H 2022, 2H 2021, FY 2022 and FY 2021 using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed consolidated statement of profit or loss are:

	Group			
	2H 2022	2H 2021	FY 2022	FY 2021
	\$'000	\$'000	\$'000	\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Current income tax:				
- Current income taxation	4,689	3,166	7,856	5,927
- Over provision in respect of prior years	-	(101)	-	(69)
Income tax expense recognised in profit or loss	4,689	3,065	7,856	5,858

8. Dividends

	Group and Company	
	FY 2022 \$'000 (Unaudited)	FY 2021 \$'000 (Audited)
Declared and paid:		
<i>Dividends on ordinary shares:</i>		
- Final exempt (one-tier) dividend for 2021: 0.90 cents (2020: 0.75 cents) per share	11,898 ⁽¹⁾	9,900 ⁽²⁾
- First interim exempt (one-tier) dividend for 2022: 1.50 cents (2021: 0.70 cents) per share	19,831	9,241
	<u>31,729</u>	<u>19,141</u>
Proposed dividend to the Company's shareholders but not recognised as a liability as at 31 December:		
- Final exempt (one-tier) dividend for 2022: 1.50 cents (2021: 0.90 cents) per share	<u>19,838</u>	<u>11,898⁽¹⁾</u>

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

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

9. Earnings per share

The Group	2H 2022 (Unaudited)	2H 2021 (Unaudited)	FY 2022 (Unaudited)	FY 2021 (Audited)
Profit attributable to owners of the Company (\$'000)	18,417	14,305	30,547	25,115
Weighted average number of ordinary shares used in the computation of basic earnings per share	1,322,261,077	1,320,109,347	1,321,774,953	1,319,684,748
Basic earnings per share (cents)	1.39	1.08	2.31	1.90
Weighted average number of ordinary shares used in the computation of diluted earnings per share	1,330,015,061	1,327,510,555	1,329,490,131	1,326,990,748
Diluted earnings per share (cents)	1.38	1.08	2.30	1.89

10. Net asset value

	Group		Company	
	31/12/2022 (Unaudited)	31/12/2021 (Audited)	31/12/2022 (Unaudited)	31/12/2021 (Audited)
Net asset value attributable to owners of the Company (\$'000)	88,714	90,178	58,061	47,669
Net asset value per ordinary share at end of the financial period (cents)	6.71 ⁽¹⁾	6.83 ⁽²⁾	4.39 ⁽¹⁾	3.61 ⁽²⁾

⁽¹⁾ The calculation of net asset value per ordinary share was based on 1,322,554,555 shares as at 31 December 2022.

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

11. Property, plant and equipment

During 2H 2022, the Group acquired plant and equipment amounting to \$291,000 (2H 2021: \$372,000) and a property for \$4,012,000 (2H 2021: \$Nil). There was no disposal of assets during 2H 2022 and 2H 2021.

12. Investment in subsidiaries

	Company	
	31/12/2022 \$'000 (Unaudited)	31/12/2021 \$'000 (Audited)
Equity shares, at cost	23,010	21,910
Discount on interest-free loan to subsidiary	960	960
Deemed contribution in respect of share-based payments to employees of Singapore Cancer Centre Pte. Ltd. ("SCC")	4,108	3,678
Impairment loss	(8,926)	(7,126)
	<u>19,152</u>	<u>19,422</u>

As at 31 December 2022, the Company's cost of investment in subsidiaries amounted to \$23,010,000 (2021: \$21,910,000). The increase in the cost of investment in subsidiaries was due to additional capital injection of \$1,100,000 in its subsidiary, TalkMed Greater China Pte. Ltd..

During FY 2022, the Company carried out an impairment review and recorded an impairment loss of \$1,800,000 which represented a full impairment on the carrying value of the Company's investment in CellVec as the estimated value-in-use was negative.

During FY 2021, due to the adverse impact of COVID-19 on the cellular and gene therapy segment and the continued losses incurred by this segment, the Company re-assessed the additional cost of investments injected during FY 2021 of \$4,200,000 in CellVec for impairment and accordingly, an impairment loss of \$2,400,000 was recognised in respect of these additional investments during 1H 2021.

12. Investment in subsidiaries (cont'd)

Impairment test for investment in CellVec, including loan to CellVec

<u>Company</u>	Carrying amount		Basis on which recoverable amount is determined	Post-tax discount rate per annum	
	31/12/2022	31/12/2021		31/12/2022	31/12/2021
	\$'000	\$'000			
	(Unaudited)	(Audited)			
CellVec					
Investment in subsidiary	-	1,800	Value-in-use	27.7%	21.1%
Loan to subsidiary	-	-	Value-in-use	27.7%	21.1%

CellVec provides cellular and gene therapy related products and services. The recoverable amounts of the investment in CellVec and loan to CellVec have been determined based on value-in-use calculation using cash flow projections from financial budgets that were approved by management. For purpose of determining the value-in-use of the investment in CellVec, the cash flows beyond the initial five years were extrapolated using a long-term growth rate of 2.0% (2021: 2.0%) which was determined based on market information consistent for the industry it operates in. The cash flows for the initial five years included revenue growth rate of between 5% and 122.2% (2021: 3% and 1774%).

Based on the impairment review carried out during FY 2022, the Company recognised impairment losses of \$1.8 million in respect of the carrying value of the Company's investment in CellVec and \$0.20 million in respect of the interest income on unwinding of the discount adjustment of the Company's loan to CellVec. No reversal is required in respect of the impairment losses previously recognised on the Company's investment in CellVec and loan to CellVec, and the Group's property, plant and equipment.

During FY 2021, the Company recognised impairment losses of \$2.4 million and \$0.10 million in respect of the carrying amount of the Company's additional investments in CellVec and loan to CellVec respectively. The impairment losses represented the shortfall between the estimated value-in-use and carrying amounts of the Company's investment in CellVec and loan to CellVec.

Key assumptions used in value-in-use calculations

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

Post-tax discount rate – Discount rate represents the current market assessment of the risks specific to the entity, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital.

Summary of sensitivity to changes in assumptions

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

13. Share capital

	Group and Company			
	31/12/2022		31/12/2021	
	No. of shares		No. of shares	
	'000 (Unaudited)	\$'000 (Unaudited)	'000 (Audited)	\$'000 (Audited)
Issued and fully paid ordinary shares				
At 1 January	1,320,109	24,505	1,318,055	23,905
Ordinary shares issued upon vesting of performance shares	2,445 ⁽¹⁾	614	2,054 ⁽²⁾	600
At 31 December	1,322,554	25,119	1,320,109	24,505

⁽¹⁾ A total of 2,445,208 new ordinary shares were issued during the year as a result of the following:

- 1,945,209 new ordinary shares have been allotted and issued on 14 March 2022 pursuant to the vesting of certain performance shares awarded in March 2020; and
- 499,999 new ordinary shares have been allotted and issued on 17 October 2022 pursuant to the vesting of certain performance shares awarded in October 2021.

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

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

There were no sales, transfers, cancellation and/or use of treasury shares nor subsidiary holdings during FY 2022 and FY 2021. As at 31 December 2022 and 31 December 2021, there were no treasury shares held by the Company and there were no subsidiary holdings.

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

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

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

14.1 Fair value measurement

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

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

14.1 Fair value measurement (cont'd)

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

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

14.2 Valuation techniques used to determine fair value

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

Investment securities

The investment securities are not traded in an active market. The fair value of the Group's investment securities as at 31 December 2021 was estimated with reference to the recent subscription price of shares issued close to the end of the previous financial year. There was no further issuance of shares subsequent to 31 December 2021. As the fair value of the investment securities was determined based on unobservable inputs, the fair value was classified as a Level 3 measurement in FY 2021.

During 2H 2022, the Company decided to divest its investment securities which have accordingly been classified as investment securities held for sale as at 31 December 2022 (please refer to Note 15 for details).

15. Investment securities held for sale

In October 2021, the Company received 811 Class C non-voting participating shares in Regenosis Gero-Science Fund SP as consideration for the disposal of its entire 55.2% stake in Stem Med Pte. Ltd..

During 2H 2022, the Company decided to divest its investment securities which have accordingly been classified as investment securities held for sale as at 31 December 2022. Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction.

Pursuant to the classification of the investment securities to asset held for sale, the Company recorded an impairment loss of \$0.44 million in marking down the carrying amount to its net realisable value of approximately \$0.65 million.

16. Investment property

On 7 December 2022, the Company completed the purchase of a commercial property located at 100 Pasir Panjang Road #04-02 Singapore 118518.

At the Company level, the property is accounted for as an investment property in accordance with SFRS(I) 1-40 *Investment Property* as it is owned by the Company to earn rentals from its subsidiary and/or for capital appreciation. At the Group level, the property is accounted for as an item of property, plant and equipment ("PPE") in accordance with SFRS(I) 1-16 *Property, Plant and Equipment* as it is used in the Group's operations.

The property is initially measured at cost, including transaction costs. Subsequent to initial recognition, the property is measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation of the property begins when it is available for use and is computed on a straight-line basis over the estimated useful life of 30 years.

	Group and Company 31/12/2022 \$'000 (Unaudited)
Cost	
At 1 January 2022	-
Addition	4,012
At 31 December 2022	<u>4,012</u>
Accumulated depreciation	
At 1 January 2022	-
Depreciation charge for the year	5
At 31 December 2022	<u>5</u>
Net book value	
At 31 December 2022	<u>4,007</u>

The property held by the Company and the Group is as follows:

Description	Location	Tenure
Light industrial property	100 Pasir Panjang #04-02 Singapore 118518	Freehold

As at 31 December 2022, the fair value of the investment property was approximately \$4.01 million which was estimated based on its purchase price and transaction costs. Management had evaluated and determined that there are no changes to its fair value since the date of acquisition as the property is acquired close to the end of the financial year.

As at 31 December 2022, the property had not been pledged to any financial institution to secure bank facilities.

17. Subsequent events

There are no known subsequent events which have led to adjustments to this set of condensed financial statements for FY 2022.

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

1. Review

The condensed consolidated statement of financial position of TalkMed Group Limited and its subsidiaries (collectively, the “**Group**”) as at 31 December 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the second half year and full year then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Performance Review

2H 2022 and FY 2022

Revenue

The Group’s revenue for 2H 2022 was \$44.13 million, an increase of \$12.24 million or 38.4% from \$31.89 million in 2H 2021. The increase was mainly attributable to the following:

- Increase in oncology revenue of \$10.73 million from higher patient visits and treatments; and
- Increase in revenue derived from our 60%-owned subsidiary, CellVec, for cellular and gene therapy related products and services of \$1.83 million.

These were offset by the decrease in revenue derived from the stem cell processing and storage services during 2H 2022 of \$0.32 million.

The Group’s revenue for FY 2022 was \$76.60 million, an increase of \$15.85 million or 26.1% from \$60.75 million in FY 2021. The increase was mainly attributable to the following:

- Increase in revenue of \$13.61 million derived from the oncology services segment in Singapore. This increase was mainly due to the increase in number of patient visits following the easing of community and border measures by the government in Singapore; and
- Increase in \$3.04 million from our 60%-owned subsidiary, CellVec, for cellular and gene therapy related products and services.

These were offset by the decrease in revenue of \$0.80 million from stem cell processing and storage services following the disposal of the entire equity interest in Stem Med by the Group in October 2021.

Other items of income

Interest income

In 2H 2022, interest income increased by \$0.54 million or 276.9%. The Group’s interest income for FY 2022 was \$0.88 million, an increase of \$0.55 million or 165.2% from \$0.33 million in FY 2021.

The increase in interest income in both 2H 2022 and FY 2022 was due to higher interest rates on fixed deposits and higher placement of fixed deposits.

Performance Review (cont'd)

2H 2022 and FY 2022 (cont'd)

Other items of income (cont'd)

Other income

The Group's other income comprised government-paid childcare and maternity leave, government grant under Special Employment Credit, Wage Credit Scheme, Jobs Support Scheme ("JSS"), Jobs Growth Incentive and Enterprise Development Grant as well as rental waivers.

In 2H 2022, other income decreased by \$1.12 million or 90.0%. The Group's other income for FY 2022 was \$0.30 million, a decrease of \$1.32 million or 81.5% from \$1.62 million in FY 2021.

The decrease in other income in both 2H 2022 and FY 2022 was primarily due to the one-off gain on disposal of Stem Med in October 2021.

Other items of expense

Employee benefits expense

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

In 2H 2022, employee benefits expense increased by \$2.34 million or 17.0% from \$13.74 million in 2H 2021 to \$16.08 million in 2H 2022. Employee benefits expense for FY 2022 increased by \$3.40 million or 13.0% from \$26.04 million in FY 2021 to \$29.44 million in FY 2022.

The increase in employee benefits expense in both 2H 2022 and FY 2022 was mainly due to an increase in staff salaries as well as an increase in headcounts arising from the Group's operations in China.

Share-based payments expense

Share-based payments to employees related mainly to:

- Options that were granted on 10 May 2019 under the Company's employee share option scheme;
- Performance shares that were granted on 13 March 2020, 15 October 2021 and 18 October 2022 under the Company's performance share plan; and
- Performance shares that were granted on 25 April 2021 under a subsidiary's performance share plan.

In 2H 2022, it increased by \$0.01 million or 3.9% from \$0.23 million in 2H 2021 to \$0.24 million. The increase was due to the new performance shares granted in October 2022.

The Group's cost of share-based payments to employees for FY 2022 was \$0.50 million, a decrease of \$0.01 million or 2.5% from \$0.51 million in FY 2021.

The decrease in share-based payments to employees in FY 2022 was mainly due to the decrease in number of options left to be vested in FY 2022 as compared to FY 2021.

Performance Review (cont'd)

2H 2022 and FY 2022 (cont'd)

Other items of expense (cont'd)

Depreciation of right-of-use assets

The Group recorded depreciation of right-of-use assets of \$1.02 million and \$2.03 million in 2H 2022 and FY 2022 respectively, a decrease of approximately \$0.02 million or 1.5% and a decrease of \$0.07 million or 3.3% from \$1.03 million and \$2.10 million in 2H 2021 and FY 2021 respectively.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment decreased by \$0.01 million or 3.5% from \$0.26 million in 2H 2021 to \$0.25 million in 2H 2022.

Depreciation of property, plant and equipment for FY 2022 increased by approximately \$0.12 million or 31.6% from \$0.39 million in FY 2021 to \$0.52 million in FY 2022. The increase was mainly due to higher depreciation expense incurred by a China subsidiary.

Finance costs

Finance costs mainly related to unwinding of discount adjustment of loan to subsidiary and interest on lease liabilities.

The finance costs in 2H 2022 were similar to 1H 2021. Finance costs for FY 2022 decreased by approximately \$0.05 million or 11.5% from \$0.39 million in FY 2021 to \$0.35 million in FY 2022.

Other operating expenses

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

Other operating expenses increased by \$0.55 million or 22.9% from \$2.41 million in 2H 2021 to \$2.96 million in 2H 2022.

It increased by \$0.30 million or 6.2% from \$4.86 million in FY 2021 to \$5.16 million in FY 2022.

The increases in 2H 2022 and FY 2022 were mainly due to higher travelling expenses, directors' fees, laboratory consumables, incurred by the Group.

Performance Review (cont'd)

2H 2022 and FY 2022 (cont'd)

Impairment loss

As a result of the continued difficulties faced by our joint venture, Sino-Singapore Hospital Management (Chongqing) Co., Ltd. in the environment that it operates in, the Group had assessed the recoverability of the loan made to it and concluded that an impairment was needed. Accordingly, an impairment loss of approximately \$0.2 million was recorded.

During 2H 2022, the Company decided to divest its investment securities which have accordingly been classified as investment securities held for sale as at 31 December 2022. Pursuant to the classification of the investment securities to asset held for sale, the Company recorded an impairment loss of \$0.44 million in marking down the carrying amount to its net realisable value of approximately \$0.65 million.

Share of results of associate

The Group's share of loss after tax of its associate, Hong Kong Integrated Oncology Centre Holdings Limited, was \$0.25 million in 2H 2022 compared to a share of gain of \$0.08 million in 2H 2021.

In FY 2022, the Group recorded a share of loss of \$0.33 million compared to a share of loss of \$0.06 million in FY 2021 which represented an increase of approximately \$0.28 million.

Share of results of joint ventures

The Group's share of loss after tax of its joint ventures, Sino-Singapore Hospital Management (Chongqing) Co., Ltd. and Chongqing Medtech Health Management Co., Ltd., was \$1.13 million in 2H 2022. This was an increase of approximately \$0.34 million or 42.4% when compared to a share of loss of \$0.80 million in 2H 2021.

In FY 2022, the Group recorded a share of loss of \$1.92 million. There was an increase of approximately \$0.91 million or 88.9% when compared to a share of loss of \$1.02 million in FY 2021.

Income tax expense

Income tax expense increased by \$1.62 million or 53.0% from \$3.07 million in 2H 2021 to \$4.69 million in 2H 2022 due to higher taxable profits in 2H 2022 as compared to 2H 2021. The effective tax rate for 2H 2022 was 21.1% as compared to 20.8% in 2H 2021.

Income tax expense for FY 2022 increased by \$2.00 million or 34.1% from \$5.86 million in FY 2021 to \$7.86 million in FY 2022 due to higher taxable profits in FY 2022. The effective tax rate was 21.3% and 21.5% for FY 2022 and FY 2021 respectively.

Profit after tax

For 2H 2022, the profit after tax was \$17.54 million which represented an increase of \$5.85 million or 50.0% when compared to \$11.69 million in 2H 2021.

For FY 2022, the profit after tax was \$28.99 million which represented an increase of \$7.56 million or 35.3% when compared to \$21.43 million in FY 2021.

The reasons for the increases have been discussed above.

Review of the Group's Financial Position

Non-current assets

The Group's non-current assets comprised property, plant and equipment, right-of-use assets, investment in joint ventures and associate, loan to a joint venture and trade receivables. Non-current assets decreased by approximately \$1.98 million which was attributable to the following:

- Purchase of property of \$4.01 million; and
- Increase in the carrying amount of a loan to a joint venture of \$0.31 million

These were offset by the following:

- Decrease in the carrying amount of property, plant and equipment of \$0.36 million;
- Decrease in right-of-use assets of \$2.08 million;
- Decrease in the carrying amount of joint ventures of \$2.32 million which arose mainly from the share of loss for FY 2022 and foreign currency translation losses;
- Decrease in the carrying amount of investment in associate of \$0.33 million which arose from the share of loss for FY 2022;
- Decrease in investment securities of \$1.09 million pursuant to a reclassification to investment securities held for sale; and
- Decrease in trade receivables of \$0.11 million.

Current assets

Current assets comprised inventories, investment securities held for sale, prepaid operating expenses, trade and other receivables and cash and short-term deposits. Current assets increased by approximately \$2.36 million which was attributable to an increase in inventories of \$0.50 million, an increase in investment securities held for sale of \$0.65 million following a reclassification from non-current investment securities and an increase in trade and other receivables of \$2.82 million. These were offset by the following:

- Decrease in prepaid operating expenses of \$0.04 million; and
- Decrease in cash and short-term deposits of \$1.58 million.

The increase in trade and other receivables was mainly attributable to the increase in revenue of its subsidiaries, Singapore Cancer Centre Pte. Ltd. and CellVec.

Current liabilities

Current liabilities comprised trade and other payables, other liabilities, lease liabilities and income tax payable. Current liabilities increased by approximately \$5.14 million which was attributable to the following:

- Increase in trade and other payables of \$0.70 million;
- Increase in other liabilities of \$2.60 million due to the increase in year-end bonus provision and an increase in deferred revenue from CellVec; and
- Increase in income tax payable of \$1.97 million due to higher provision arising from higher taxable profit in FY 2022.

The increase was partially offset by a decrease in lease liabilities of \$0.12 million.

Non-current liabilities

Non-current liabilities comprised lease liabilities and loan from non-controlling shareholder to subsidiary. Non-current liabilities decreased by approximately \$1.81 million mainly due to a decrease in lease liabilities of \$1.94 million offset by an increase in loan from a non-controlling shareholder to subsidiary of \$0.14 million.

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

Equity attributable to owners of the Company

The decrease was mainly attributable to the final and interim dividends paid to shareholders in respect of FY 2021 and FY 2022 respectively, offset by profits earned during the year.

Non-controlling interests

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

Review of the Group's Cash Flows

2H 2022

Operating activities

Net cash flows from operating activities amounted to approximately \$22.60 million. This comprised operating cash flows before changes in working capital of \$25.21 million, net changes in working capital of \$0.02 million and interest received of \$0.42 million less interest paid on lease liabilities of \$0.10 million and income tax paid of \$2.94 million.

The net increase in working capital of approximately \$0.02 million was mainly due to the following:

- Decrease in prepaid operating expenses of \$0.01 million;
- Increase in trade and other payables of \$0.61 million; and
- Increase in other liabilities of \$2.56 million.

These were partially offset by the following:

- Increase in inventories of \$0.35 million; and
- Increase in trade and other receivables of \$2.82 million.

Investing activities

Net cash flows used in investing activities of \$4.90 million was attributable to the Group's purchase of plant and equipment and property of \$0.29 million and \$4.01 million respectively as well as a loan granted to a joint venture of \$0.60 million.

Financing activities

Net cash flows used in financing activities amounted to some \$20.86 million. This was attributable to the payment of interim dividends of \$19.83 million to shareholders in respect of FY 2022 and the payment for principal portion of lease liabilities of \$1.03 million.

Net decrease in cash and cash equivalents

The reasons for the net decrease in cash and cash equivalents of \$3.16 million for 2H 2022 have been discussed above. Cash and cash equivalents totalled \$80.59 million as at 31 December 2022.

Review of the Group's Cash Flows (cont'd)

FY 2022

Operating activities

Net cash flows from operating activities amounted to approximately \$37.18 million. This comprised operating cash flows before changes in working capital of \$42.27 million, net changes in working capital of approximately \$0.40 million and interest received of \$0.60 million, less interest paid on lease liabilities of \$0.21 million and income tax paid of \$5.89 million.

The net increase in working capital of approximately \$0.40 million was mainly due to the following:

- Decrease in prepaid operating expenses of \$0.04 million;
- Increase in trade and other payables of \$0.70 million; and
- Increase in other liabilities of \$2.60 million.

These were partially offset by the following:

- Increase in inventories of \$0.50 million; and
- Increase in trade and other receivables of \$2.43 million.

Investing activities

Net cash flows used in investing activities of \$5.01 million was attributable to Group's purchase of property of \$4.01 million and purchase of plant and equipment by the Group's subsidiaries of \$0.31 million, investment in joint venture of \$0.09 million and a loan granted to a joint venture of \$0.60 million.

Financing activities

Net cash flows used in financing activities amounted to \$33.74 million. This was attributable to the following:

- Payment of final and interim dividends of \$31.73 million to shareholders in respect of FY 2021 and FY 2022 respectively; and
- Payment for principal portion of lease liabilities of \$2.01 million.

Net decrease in cash and cash equivalents

The reasons for the net decrease in cash and cash equivalents of approximately \$1.58 million for FY 2022 have been discussed above. Cash and cash equivalents totalled \$80.59 million as at 31 December 2022.

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

Not applicable.

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

Singapore

Our oncology business saw an improvement in patient numbers from the region following the easing of community and border measures by the government at the end of March 2022 and this has lifted our centres' financial performance during FY 2022.

Even though Singapore and the rest of world have emerged from the restrictions imposed by the COVID-19 pandemic, global economic uncertainties remain due to the ongoing conflict in Ukraine and an impending recession following tightening by central banks around the world to combat inflationary pressure.

Nevertheless, we are cautiously expecting further uplift to the regional patient numbers as connectivity and traffic between Singapore and the region is progressively restored to pre-COVID-19 levels.

As part of the government's effort to keep cancer treatments and insurance premiums affordable in the longer term, the Ministry of Health introduced a Cancer Drug List ("CDL") in September 2022 where only treatments on the CDL may be claimed under the Medishield Life, MediSave and Integrated Shield Plans.

Following the change, the coverage by the insurance companies for cancer treatments is expected to change and may potentially result in higher out-of-pocket payment from patients. This may have some impact on our local patient volumes going forward.

Headway was made in the cellular and gene therapy industry leading to a pick-up in the number of clinical trials around the world and our 60%-owned subsidiary, CellVec, recorded revenue of approximately \$3.24 million in FY 2022 compared to \$0.2 million in FY 2021. However, rising inflation has translated into higher costs which cannot be easily passed on and with an impending recession which may affect the demand for CellVec's viral vectors in the next 12 months, the Company has decided to fully impair the cost of investments in CellVec (please refer to Note 12 of the condensed financial statements above for more details).

Hong Kong

Restrictions for cross-border travel between Hong Kong and China have been fully lifted with effect from 6 February 2023 as pre-departure COVID-19 tests, travel quotas and on-arrival quarantine requirements were scrapped. In addition, with the full re-opening of all checkpoints along the border between Hong Kong and China, we anticipate more foreign patients, particularly those from China, to return to our centres.

China

Since the roll-back of many COVID-19 measures by the government, patients from other cities in China who wish to seek treatments at our centres and our visiting consultants from other hospitals in Beijing no longer face any movement restrictions.

Also, there is no longer a requirement for quarantine for most international arrivals. Hence, our experts from Singapore can now visit our centres in China more freely to see patients subject to a negative nucleic acid test.

In view of these positive developments, we are cautiously expecting an improvement in patient numbers at our centres amidst our efforts to ramp up our operations.

The Board will provide further updates as and when any material developments arise.

5. Dividend information

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

Yes, the Board has recommended a final dividend (the “**Final Dividend**”) in respect of FY 2022 as follows:

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

The Company had also declared an interim cash dividend (one-tier tax exempt) of \$0.015 per ordinary share, which was paid on 22 August 2022.

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

Yes.

Name of dividend	Final dividend
Dividend type	Cash
Dividend rate	\$0.009 per ordinary share
Tax rate	Tax exempt (one-tier)

The Company had also declared an interim cash dividend (one-tier tax exempt) of \$0.007 per ordinary share, which was paid on 20 August 2021.

(c) The date the dividend is payable

The proposed Final Dividend, if approved by shareholders of the Company at the Annual General Meeting to be held on 20 April 2023, will be paid on 11 May 2023.

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

NOTICE IS HEREBY GIVEN that, subject to the approval of the shareholders of the Company to the proposed Final Dividend at the Annual General Meeting to be held on 20 April 2023, the Share Transfer Books and Register of Members of the Company will be closed at 5:00 p.m. on 2 May 2023 for the purpose of determining entitlements of ordinary shareholders to the tax exempt (one-tier) Final Dividend of 1.5 Singapore Cents per ordinary share for FY 2022.

Duly completed registrable transfers received by the Company's Share Register, B.A.C.S. Private Limited at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, up to 5:00 p.m. on 2 May 2023 will be registered before entitlements to the Final Dividend are determined. Members whose securities accounts with the Central Depository (Pte) Ltd. are credited with the Company's ordinary shares as at 5:00 p.m. on 2 May 2023 will be entitled to the Final Dividend. Payment of the Final Dividend, if approved by the members at the Annual General Meeting to be held on 20 April 2023, will be made on 11 May 2023.

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

Not applicable.

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

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

8. **Interested Person Transactions**

The Company and its subsidiaries had the following Interested Persons Transactions during FY 2022:

Name of Interested Persons	Aggregate value of all IPTs during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPTs during the financial year under review conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	\$'000	\$'000
Dr. Ang Peng Tiam	202	N.A.
P.T. Ang Medical Services Pte Ltd	873	N.A.
StemCord Pte Ltd ⁽¹⁾	210	N.A.

Note:

⁽¹⁾ Dr Ang is also a Director and a substantial shareholder of StemCord Pte Ltd ("StemCord") holding 17.35% in StemCord. Pursuant to Rule 904 of the Mainboard Rules, charges by and payments made by StemCord on behalf of CellVec, which is a subsidiary of the Company, constitute an interested person transaction.

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

Please refer to Note 2.

10. **Confirmation pursuant to Rule 720(1)**

TalkMed Group Limited confirms that undertakings under Rule 720(1) have been obtained from all directors and executive officers in the format set out in form Appendix 7.7.

11. **Disclosure of persons occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(9)**

The Group does not have any person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

ADDITIONAL INFORMATION

12. Acquisition of commercial property

On 7 December 2022, the Company completed the purchase of a commercial property located at 100 Pasir Panjang Road #04-02 Singapore 118518 (the “**Property**”) at a purchase consideration of \$3,900,088, excluding any stamp duty or transaction fees (the “**Acquisition**”).

Information on the Property

The Property is freehold and has an aggregate area of approximately 256 square metres.

Rationale for the Acquisition

The Property is currently occupied by CellVec which is primarily engaged in the manufacturing and supply of good manufacturing practice grade lentiviral vector batches. The Property is GMP-compliant and the Acquisition is to ensure that there will not be any major disruptions to the operations of CellVec.

Funding of the Acquisition

The Acquisition was funded through internal resources.

Interest of Directors and Controlling Shareholders

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect in the above Acquisition, save for their shareholdings in the Company.

BY ORDER OF THE BOARD

Ang Peng Tiam
Chief Executive Officer
22 February 2023