



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 2023

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

	Note	1 July to 31 December 2023 ("2H 2023") \$'000 (Unaudited)	1 July to 31 December 2022 ("2H 2022") \$'000 (Unaudited)	Increase / (Decrease) %	1 January to 31 December 2023 ("FY 2023") \$'000 (Unaudited)	1 January to 31 December 2022 ("FY 2022") \$'000 (Audited)	Increase / (Decrease) %
The Group							
Revenue	4	45,997	44,131	4.2%	83,792	76,600	9.4%
Other items of income							
Interest income		1,622	735	120.7%	2,613	883	195.9%
Other income		106	124	(14.5%)	209	301	(30.6%)
Other items of expense							
Employee benefits expense		(18,463)	(16,075)	14.9%	(33,779)	(29,436)	14.8%
Share-based payments expense		(274)	(238)	15.1%	(548)	(499)	9.8%
Operating lease expense		(31)	(28)	10.7%	(65)	(59)	10.2%
Depreciation of right-of-use assets		(1,078)	(1,016)	6.1%	(2,127)	(2,027)	4.9%
Depreciation of property, plant and equipment		(344)	(249)	38.2%	(661)	(516)	28.1%
Finance costs		(199)	(164)	21.3%	(356)	(346)	2.9%
Other operating expenses		(3,914)	(2,963)	32.1%	(7,786)	(5,159)	50.9%
Impairment loss		(1,517)	(640)	137.0%	(1,971)	(640)	208.0%
Share of results of associate		83	(254)	(132.7%)	65	(332)	(119.6%)
Share of results of joint ventures		(585)	(1,132)	(48.3%)	(1,570)	(1,923)	(18.4%)
Profit before tax	6	21,403	22,231	(3.7%)	37,816	36,847	2.6%
Income tax expense	7	(4,539)	(4,689)	(3.2%)	(8,463)	(7,856)	7.7%
Profit for the year		16,864	17,542	(3.9%)	29,353	28,991	1.2%

N.M. = not meaningful

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

The Group	2H 2023 \$'000 (Unaudited)	2H 2022 \$'000 (Unaudited)	Increase / (Decrease) %	FY 2023 \$'000 (Unaudited)	FY 2022 \$'000 (Audited)	Increase / (Decrease) %
Attributable to:						
Owners of the Company	17,904	18,417	(2.8%)	32,176	30,547	5.3%
Non-controlling interests	(1,040)	(875)	18.9%	(2,823)	(1,556)	81.4%
	16,864	17,542	(3.9%)	29,353	28,991	1.2%
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss						
Foreign currency translation	613	(678)	(190.4%)	561	(712)	(178.8%)
Other comprehensive income for the year, net of tax	613	(678)	(190.4%)	561	(712)	(178.8%)
Total comprehensive income for the year	17,477	16,864	3.6%	29,914	28,279	5.8%
Attributable to:						
Owners of the Company	18,517	17,739	4.4%	32,737	29,835	9.7%
Non-controlling interests	(1,040)	(875)	18.9%	(2,823)	(1,556)	81.4%
Total comprehensive income for the year	17,477	16,864	3.6%	29,914	28,279	5.8%

B. Condensed statements of financial position

	Note	Group		Company	
		31/12/2023 \$'000 (Unaudited)	31/12/2022 \$'000 (Audited)	31/12/2023 \$'000 (Unaudited)	31/12/2022 \$'000 (Audited)
ASSETS					
Non-current assets					
Property, plant and equipment	11	4,994	5,999	–	–
Right-of-use assets		4,667	4,083	–	–
Investment property	15	–	–	3,869	4,007
Investment in subsidiaries	12	–	–	17,571	19,152
Investment in joint ventures	16	830	1,786	–	–
Investment in associate		1,975	1,910	11,399	11,399
Loan to a joint venture	16	–	306	–	–
Trade receivables		222	300	–	–
		12,688	14,384	32,839	34,558
Current assets					
Inventories		1,424	1,275	–	–
Prepaid operating expenses		335	444	9	20
Trade and other receivables		11,443	11,822	300	459
Investment securities held for sale	14	–	653	–	653
Cash and short-term deposits		89,896	80,588	78,810	22,618
		103,098	94,782	79,119	23,750
Total assets		115,786	109,166	111,958	58,308
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables		3,806	2,867	3,538	66
Other liabilities		10,287	6,815	206	181
Lease liabilities		1,927	1,851	–	–
Income tax payable		8,458	7,850	301	–
Loan from non-controlling shareholder to a subsidiary		2,800	–	–	–
		27,278	19,383	4,045	247
Net current assets		75,820	75,399	75,074	23,503
Non-current liabilities					
Lease liabilities		3,060	2,552	–	–
Loans from non-controlling shareholder to a subsidiary		1,390	2,682	–	–
		4,450	5,234	–	–
Total liabilities		31,728	24,617	4,045	247
Net assets		84,058	84,549	107,913	58,061

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

	Note	Group		Company	
		31/12/2023 \$'000 (Unaudited)	31/12/2022 \$'000 (Audited)	31/12/2023 \$'000 (Unaudited)	31/12/2022 \$'000 (Audited)
Equity attributable to owners of the Company					
Share capital	13	25,811	25,119	25,811	25,119
Merger reserve		(2,311)	(2,311)	–	–
Share-based payments reserve		526	930	526	930
Other reserve		2,807	2,807	–	–
Foreign currency translation reserve		413	(148)	–	–
Retained earnings		62,873	62,317	81,576	32,012
		90,119	88,714	107,913	58,061
Non-controlling interests		(6,061)	(4,165)	–	–
Total equity		84,058	84,549	107,913	58,061
Total equity and liabilities		115,786	109,166	111,958	58,308

C. Condensed statements of changes in equity

The Group (Unaudited)	Note	Attributable to owners of the Company							Total equity \$'000
		Share capital \$'000	Merger reserve \$'000	Share- based payments reserve \$'000	Other reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Non- controlling interests \$'000	
Balance at 1 January 2023		25,119	(2,311)	930	2,807	(148)	62,317	(4,165)	84,549
Profit for the year		–	–	–	–	–	32,176	(2,823)	29,353
<u>Other comprehensive income</u>									
Foreign currency translation		–	–	–	–	561	–	–	561
Other comprehensive income for the year, net of tax		–	–	–	–	561	–	–	561
Total comprehensive income for the year		–	–	–	–	561	32,176	(2,823)	29,914
<u>Distributions to and contributions by owners</u>									
Dividends	8	–	–	–	–	–	(31,787)	–	(31,787)
Share-based payments		–	–	455	–	–	–	93	548
Lapsed employee share options		–	–	(167)	–	–	167	–	–
Ordinary shares issued upon vesting of performance shares	13	692	–	(692)	–	–	–	–	–
Contribution of capital by non-controlling shareholder		–	–	–	–	–	–	400	400
Fair value adjustment for loans from non-controlling shareholder to a subsidiary		–	–	–	–	–	–	434	434
Balance at 31 December 2023		25,811	(2,311)	526	2,807	413	62,873	(6,061)	84,058

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 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 Company (Unaudited)	Note	Attributable to owners of the Company			Total equity \$'000
		Share capital \$'000	Share- based payments reserve \$'000	Retained earnings \$'000	
Balance at 1 January 2023		25,119	930	32,012	58,061
Profit for the year, representing total comprehensive income for the year		–	–	81,184	81,184
<u>Distributions to and contributions by owners</u>					
Dividends	8	–	–	(31,787)	(31,787)
Share-based payments		–	455	–	455
Ordinary shares issued upon vesting of performance shares	13	692	(692)	–	–
Lapsed employee share options		–	(167)	167	–
Balance at 31 December 2023		25,811	526	81,576	107,913
The Company (Audited)					
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

D. Condensed consolidated statement of cash flows

The Group	Note	2H 2023 \$'000 (Unaudited)	2H 2022 \$'000 (Unaudited)	FY 2023 \$'000 (Unaudited)	FY 2022 \$'000 (Audited)
Operating Activities					
Profit before tax		21,403	22,231	37,816	36,847
<u>Adjustments for:</u>					
Depreciation of property, plant and equipment		344	249	661	516
Depreciation of right-of-use assets		1,078	1,016	2,127	2,027
Share-based payments expense		274	238	548	499
Finance costs on unwinding of discount adjustment of loans to a subsidiary	6	83	67	142	135
Finance costs on lease liabilities	6	116	97	214	211
Interest income		(1,622)	(735)	(2,613)	(883)
Impairment loss on plant and equipment	12	993	–	993	–
Impairment loss on loan granted to a joint venture	16	10	200	325	200
Impairment loss on investment securities held for sale	14	514	440	653	440
Share of results of associate		(83)	254	(65)	332
Share of results of joint ventures		585	1,132	1,570	1,923
Currency re-alignment		11	137	2	142
Operating cash flows before changes in working capital		23,706	25,326	42,373	42,389
Changes in working capital					
Increase in inventories		(216)	(348)	(149)	(503)
(Increase)/decrease in prepaid operating expenses		(24)	11	109	42
(Increase)/decrease in trade and other receivables		(1,666)	(2,817)	757	(2,429)
(Decrease)/increase in trade and other payables		(732)	614	939	697
Increase in other liabilities		1,525	2,557	3,472	2,597
Total changes in working capital		(1,113)	17	5,128	404
Cash flows generated from operations		22,593	25,343	47,501	42,793
Interest received		1,312	415	2,294	597
Interest paid on lease liabilities		(116)	(97)	(214)	(211)
Income tax paid		(3,928)	(2,944)	(7,855)	(5,888)
Net cash flows generated from operating activities		19,861	22,717	41,726	37,291
Investing Activities					
Purchase of plant and equipment	11	(253)	(291)	(704)	(314)
Purchase of property	11	–	(4,012)	–	(4,012)
Investment in a joint venture		–	–	–	(86)
Loan to a joint venture		–	(600)	–	(600)
Net cash flows used in investing activities		(253)	(4,903)	(704)	(5,012)
Financing Activities					
Dividends paid on ordinary shares	8	(11,920)	(19,831)	(31,787)	(31,729)
Proceeds from issuance of shares by subsidiary to non-controlling shareholder		400	–	400	–
Loans from non-controlling shareholder to a subsidiary		1,800	–	1,800	–
Payment for principal portion of lease liabilities		(1,066)	(1,141)	(2,127)	(2,126)
Net cash flows used in financing activities		(10,786)	(20,972)	(31,714)	(33,855)
Net increase/(decrease) in cash and cash equivalents		8,822	(3,158)	9,308	(1,576)
Cash and cash equivalents at beginning of the period		81,074	83,746	80,588	82,164
Cash and cash equivalents at end of the period		89,896	80,588	89,896	80,588

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, #02-02/03/04, 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;
- (e) Provision of services to establish internet hospitals and to operate internet pharmacies; and
- (f) Development of novel processing platforms for cell and gene therapy and carrying out research in genetic modification of immune cells.

These condensed consolidated financial statements as at and for the full financial year ended 31 December 2023 (“**FY 2023**”), as well as for the second half year ended 31 December 2023 (“**2H 2023**”), comprise the Company and its subsidiaries (collectively, the “**Group**”) and the comparable periods are for the full financial year ended 31 December 2022 (“**FY 2022**”) and for the second half year ended 31 December 2022 (“**2H 2022**”) respectively.

2. Basis of preparation

The condensed financial statements for 2H 2023 and FY 2023 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 material 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 2023.

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 Adoption of new and amended standards and interpretations by the Group

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial period beginning on 1 January 2023. The adoption of these standards did not have any material effect on the financial statements of the Group.

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 2022 and for FY 2022.

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 Note 12.

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 has ceased to provide consultancy services to HKH with effect from April 2023.

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 in the first half of 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 by Singapore Cancer Centre Pte. Ltd. ("**SCC**") from the provision of its 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 subsidiaries, CellVec Pte. Ltd. ("**CellVec**") and BioCell Innovations Pte. Ltd. ("**BioCell**"). BioCell has not commenced production in FY23. 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; or over time as the customers simultaneously receive the benefits as it performs the services. 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		Cellular and gene therapy related products and services		Per consolidated financial statements	
	2H 2023 \$'000 (Unaudited)	2H 2022 \$'000 (Unaudited)	2H 2023 \$'000 (Unaudited)	2H 2022 \$'000 (Unaudited)	2H 2023 \$'000 (Unaudited)	2H 2022 \$'000 (Unaudited)
Revenue						
External customers, representing total revenue	43,553	42,104	2,444	2,027	45,997	44,131
Results						
Government grants	48	85	42	37	90	122
Interest income	1,622	735	–	–	1,622	735
Employee benefits expense	16,797	14,277	1,666	1,798	18,463	16,075
Share-based payments expense	274	238	–	–	274	238
Depreciation of right-of-use assets	885	888	193	128	1,078	1,016
Depreciation of property, plant and equipment	286	236	58	13	344	249
Finance costs on lease liabilities	89	91	27	6	116	97
Finance costs on unwinding of discount adjustment of loans to a subsidiary	–	–	83	67	83	67
Impairment loss	524	640	993	–	1,517	640
Share of results of associate	(83)	(254)	–	–	(83)	(254)
Share of results of joint ventures	585	1,132	–	–	585	1,132
Income tax expense	4,539	4,689	–	–	4,539	4,689
Segment profit/(loss)	19,344	19,629	(2,480)	(2,087)	16,864	17,542
Assets						
Investment in associate	1,975	1,910	–	–	1,975	1,910
Investment in joint ventures	830	1,786	–	–	830	1,786
Investment securities held for sale	–	653	–	–	–	653
Segment assets	108,716	101,543	4,265	3,274	112,981	104,817
Total assets	111,521	105,892	4,265	3,274	115,786	109,166
Liabilities						
Segment liabilities	21,623	19,005	10,105	5,612	31,728	24,617

4.1 Reportable segments (cont'd)

	Group					
	Oncology services		Cellular and gene therapy related products and services		Per consolidated financial statements	
	FY 2023 \$'000 (Unaudited)	FY 2022 \$'000 (Audited)	FY 2023 \$'000 (Unaudited)	FY 2022 \$'000 (Audited)	FY 2023 \$'000 (Unaudited)	FY 2022 \$'000 (Audited)
Revenue						
External customers, representing total revenue	81,031	73,363	2,761	3,237	83,792	76,600
Results						
Government grants	103	181	46	102	149	283
Interest income	2,613	883	–	–	2,613	883
Employee benefits expense	30,170	26,208	3,609	3,228	33,779	29,436
Share-based payments expense	548	499	–	–	548	499
Depreciation of right-of-use assets	1,770	1,770	357	257	2,127	2,027
Depreciation of property, plant and equipment	579	502	82	14	661	516
Finance costs on lease liabilities	164	196	50	15	214	211
Finance costs on unwinding of discount adjustment of loans to a subsidiary	–	–	142	135	142	135
Impairment loss	978	640	993	–	1,971	640
Share of results of associate	(65)	332	–	–	(65)	332
Share of results of joint ventures	1,570	1,923	–	–	1,570	1,923
Income tax expense	8,463	7,856	–	–	8,463	7,856
Segment profit/(loss)	36,202	32,678	(6,849)	(3,687)	29,353	28,991
Assets						
Investment in associate	1,975	1,910	–	–	1,975	1,910
Investment in joint ventures	830	1,786	–	–	830	1,786
Investment securities held for sale	–	653	–	–	–	653
Segment assets	108,716	101,543	4,265	3,274	112,981	104,817
Total assets	111,521	105,892	4,265	3,274	115,786	109,166
Liabilities						
Segment liabilities	21,623	19,005	10,105	5,612	31,728	24,617

4.2 Disaggregation of revenue

The tables below summarise information about the Group's revenue for 2H 2023, 2H 2022, FY 2023 and FY 2022 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				Cellular and gene therapy related products and services		Total revenue	
	Consultancy services		Management fees		2H 2023 \$'000	2H 2022 \$'000	2H 2023 \$'000	2H 2022 \$'000
	2H 2023 \$'000	2H 2022 \$'000	2H 2023 \$'000	2H 2022 \$'000				
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
Primary geographical markets								
Singapore	22,997	26,476	19,017	15,125	7	–	42,021	41,601
China and Hong Kong	1,403	404	100	68	–	–	1,503	472
Vietnam	22	22	14	9	–	–	36	31
Australia	–	–	–	–	1,188	1,775	1,188	1,775
United States of America	–	–	–	–	244	252	244	252
New Zealand	–	–	–	–	1,005	–	1,005	–
	24,422	26,902	19,131	15,202	2,444	2,027	45,997	44,131
Timing of transfer of goods or services								
At a point in time	–	–	–	–	416	2,027	416	2,027
Over time	24,422	26,902	19,131	15,202	2,028	–	45,581	42,104
	24,422	26,902	19,131	15,202	2,444	2,027	45,997	44,131

4.2 Disaggregation of revenue (cont'd)

	Group							
	Oncology services				Cellular and gene therapy related products and services		Total revenue	
	Consultancy services		Management fees					
	FY 2023 \$'000 (Unaudited)	FY 2022 \$'000 (Audited)	FY 2023 \$'000 (Unaudited)	FY 2022 \$'000 (Audited)				
Primary geographical markets								
Singapore	49,588	47,457	29,080	25,041	7	–	78,675	72,498
China and Hong Kong	2,106	660	175	134	–	–	2,281	794
Vietnam	54	53	28	18	–	–	82	71
Australia	–	–	–	–	1,200	2,563	1,200	2,563
India	–	–	–	–	–	417	–	417
United States of America	–	–	–	–	549	257	549	257
New Zealand	–	–	–	–	1,005	–	1,005	–
	51,748	48,170	29,283	25,193	2,761	3,237	83,792	76,600
Timing of transfer of goods or services								
At a point in time	–	–	–	–	733	3,237	733	3,237
Over time	51,748	48,170	29,283	25,193	2,028	–	83,059	73,363
	51,748	48,170	29,283	25,193	2,761	3,237	83,792	76,600

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 2023 \$'000 (Unaudited)	Group FY 2022 \$'000 (Audited)	Increase/ (Decrease) %
Sales reported for first half year	37,795	32,469	16.4%
Operating profit after tax reported for first half year	12,489	11,449	9.1%
Sales reported for second half year	45,997	44,131	4.2%
Operating profit after tax reported for second half year	16,864	17,542	(3.9%)

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 2023 and 31 December 2022:

	Group		Company	
	31/12/2023 \$'000 (Unaudited)	31/12/2022 \$'000 (Audited)	31/12/2023 \$'000 (Unaudited)	31/12/2022 \$'000 (Audited)
Financial assets				
Trade and other receivables (current)	11,443	11,822	300	459
Trade receivables (non-current)	222	300	–	–
Loan to a joint venture	–	306	–	–
Cash and short-term deposits	89,896	80,588	78,810	22,618
Less: GST receivable	(64)	(360)	–	(283)
Total financial assets carried at amortised cost	101,497	92,656	79,110	22,794
Investment securities held for sale	–	653	–	653
Total financial assets	101,497	93,309	79,110	23,447
Financial liabilities				
Trade and other payables	3,806	2,867	3,538	66
Accrued operating expenses	7,454	4,684	206	181
Lease liabilities	4,987	4,403	–	–
Loans from non-controlling shareholder to a subsidiary (current and non-current)	4,190	2,682	–	–
Less: GST payable	(1,346)	(1,361)	–	–
Total financial liabilities carried at amortised cost representing total financial liabilities	19,091	13,275	3,744	247

6. Profit before tax

6.1 Significant items

	Group			
	2H 2023 \$'000 (Unaudited)	2H 2022 \$'000 (Unaudited)	FY 2023 \$'000 (Unaudited)	FY 2022 \$'000 (Audited)
Finance costs on:				
- Lease liabilities	116	97	214	211
- Unwinding of discount adjustment of loans to a subsidiary	83	67	142	135
	199	164	356	346

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 2023, 2H 2022, FY 2023 and FY 2022:

	Group			
	2H 2023 \$'000 (Unaudited)	2H 2022 \$'000 (Unaudited)	FY 2023 \$'000 (Unaudited)	FY 2022 \$'000 (Audited)
Lease payments to directors and director-related companies	564	564	1,128	1,128
Lease payments to non-controlling shareholder	140	83	223	165
Service fees paid to non-controlling shareholder	–	44	–	44
Service fees paid to director-related companies	–	5	–	9
Payments made on behalf by non-controlling shareholder	–	–	1	–
Consultancy services rendered to associate	–	140	66	275

6. Profit before tax (cont'd)

6.2 Related party transactions (cont'd)

(b) Compensation of key management personnel

	Group			
	2H 2023 \$'000 (Unaudited)	2H 2022 \$'000 (Unaudited)	FY 2023 \$'000 (Unaudited)	FY 2022 \$'000 (Audited)
Short-term employee benefits	4,446	4,444	7,954	7,960
Directors' fees – directors of the Company and subsidiaries	250	250	500	500
Central Provident Fund contributions	40	40	75	74
Share-based payments expense	47	30	79	61
	4,783	4,764	8,608	8,595
Comprised amounts paid/payable to:				
- Directors of the Company	3,363	3,370	6,330	6,329
- Other key management personnel	1,420	1,394	2,278	2,266
	4,783	4,764	8,608	8,595

7. Taxation

The Group calculates the income tax expense for 2H 2023, 2H 2022, FY 2023 and FY 2022 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 2023 \$'000 (Unaudited)	2H 2022 \$'000 (Unaudited)	FY 2023 \$'000 (Unaudited)	FY 2022 \$'000 (Audited)
Current income tax:				
- Current income taxation	4,538	4,689	8,462	7,856
- Under provision in respect of prior years	1	–	1	–
	4,539	4,689	8,463	7,856
Income tax expense recognised in profit or loss	4,539	4,689	8,463	7,856

8. Dividends

	Group and Company	
	FY 2023 \$'000 (Unaudited)	FY 2022 \$'000 (Audited)
Declared and paid:		
<i>Dividends on ordinary shares:</i>		
- Final exempt (one-tier) dividend for 2022: 1.50 cents (2021: 0.90 cents) per share	19,867 ⁽¹⁾	11,898 ⁽²⁾
- First interim exempt (one-tier) dividend for 2023: 0.90 cents (2022: 1.50 cents) per share	11,920	19,831
	31,787	31,729
Proposed dividend to the Company's shareholders but not recognised as a liability as at 31 December:		
- Final exempt (one-tier) dividend for 2023: 1.30 cents (2022: 1.50 cents) per share	17,232	19,867 ⁽¹⁾

⁽¹⁾ The final dividend paid to shareholders and the proposed final dividend (as previously disclosed in the full year announcement for FY 2022) were \$19,867,000 and \$19,838,000 respectively. The difference of approximately \$29,000 between the final dividend paid and the proposed final dividend to be paid to shareholders for 2022 arose due to the dividends paid on 1,945,210 ordinary shares issued on 13 March 2023. 1,945,210 ordinary shares were allotted and issued on 13 March 2023 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 2023.

⁽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 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.

9. Earnings per share

The Group	2H 2023 (Unaudited)	2H 2022 (Unaudited)	FY 2023 (Unaudited)	FY 2022 (Audited)
Profit attributable to owners of the Company (\$'000)	17,904	18,417	32,176	30,547
Weighted average number of ordinary shares used in the computation of basic earnings per share	1,324,920,715	1,322,261,077	1,324,333,587	1,321,774,953
Basic earnings per share (cents)	1.35	1.39	2.43	2.31
Weighted average number of ordinary shares used in the computation of diluted earnings per share	1,332,096,958	1,330,015,061	1,331,827,463	1,329,490,131
Diluted earnings per share (cents)	1.34	1.38	2.42	2.30

10. Net asset value

	Group		Company	
	31/12/2023 (Unaudited)	31/12/2022 (Audited)	31/12/2023 (Unaudited)	31/12/2022 (Audited)
Net asset value attributable to owners of the Company (\$'000)	90,119	88,714	107,913	58,061
Net asset value per ordinary share at end of the financial period (cents)	6.80 ⁽¹⁾	6.71 ⁽²⁾	8.14 ⁽¹⁾	4.39 ⁽²⁾

⁽¹⁾ The calculation of net asset value per ordinary share was based on 1,325,519,163 shares as at 31 December 2023.

⁽²⁾ The calculation of net asset value per ordinary share was based on 1,322,554,555 shares as at 31 December 2022.

11. Property, plant and equipment

During 2H 2023, the Group acquired plant and equipment amounting to \$253,000 (2H 2022: \$291,000) and a property for \$Nil (2H 2022: \$4,012,000). There was no disposal of assets during 2H 2023 and 2H 2022. The Group recorded impairment losses of \$993,000 on a subsidiary's plant and equipment. Please refer to Note 12 for assumptions used for the impairment assessment.

12. Investment in subsidiaries

	Company	
	31/12/2023 \$'000 (Unaudited)	31/12/2022 \$'000 (Audited)
Equity shares, at cost	24,210	23,010
Discount on interest-free loans to a subsidiary	1,613	960
Deemed contribution in respect of share-based payments to employees of Singapore Cancer Centre Pte. Ltd. ("SCC")	4,563	4,108
Impairment loss	(12,815)	(8,926)
	<u>17,571</u>	<u>19,152</u>

As at 31 December 2023, the Company's cost of investment in subsidiaries amounted to \$24,210,000 (2022: \$23,010,000). The increase in the cost of investment in subsidiaries was due to the following:

- additional capital injection of \$600,000 in its subsidiary, TalkMed Greater China Pte. Ltd. ("TMGC"); and
- capital injection of \$600,000 into a new subsidiary, BioCell, which was incorporated on 6 July 2023.

During FY 2023, the Company carried out an impairment assessment following which the Company recognised impairment loss of \$652,000 on the carrying amount of the Company's investment in CellVec as the estimated recoverable amount is negative. The Company also carried out an impairment assessment on its investment in TMGC following which the Company recognised impairment loss of \$3,237,000 on the carrying amount of the Company's investment in TMGC. The impairment loss represented the shortfall between the estimated value-in-use and the carrying amount of the Company's investment in TMGC.

12. Investment in subsidiaries (cont'd)

Impairment test for investments in TMGC and CellVec, including loans to CellVec

Investment in TMGC

TMGC provides healthcare management services in China. The recoverable amount of the investment in TMGC has 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 TMGC, the cash flows beyond the initial five years were extrapolated using a long-term growth rate of 2.2% (2022: 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 15% and 20% (2022: 8% and 79%). The post-tax discount rate applied to the cash flow projections is 22.5% per annum (2022: 18.3% per annum).

Based on the impairment assessment carried out during FY 2023, the Company recognised impairment losses of \$3,237,000 in respect of the carrying value of the Company's investment in TMGC. No impairment loss was recorded in FY 2022.

Investment in CellVec, including loans to CellVec

CellVec provides cellular and gene therapy related products and services. The recoverable amounts of the investment in CellVec, loans to CellVec, and its property, plant and equipment 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% (2022: 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 -3% and 934% (2022: 5% and 122%). The post-tax discount rate applied to the cash flow projections is 20.4% per annum (2022: 27.7% per annum).

Based on the impairment assessment carried out during FY 2023, the Company recognised impairment losses of \$652,000 in respect of the carrying value of the Company's investment in CellVec, \$2,085,000 in respect of the Company's loans to CellVec and \$177,000 in respect of the interest income on unwinding of the discount adjustment of the Company's loan to CellVec. The Group also recorded impairment losses of \$993,000 on CellVec's plant and equipment.

During FY 2022, the Company recognised impairment losses of \$1,800,000 and \$204,000 in respect of the carrying amount of the Company's additional investments in CellVec and loan to CellVec respectively. The impairment losses represented the shortfall between the estimated value-in-use and carrying amounts of the Company's investment in CellVec and loan to CellVec.

Key assumptions used in 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			
	31/12/2023		31/12/2022	
	No. of shares		No. of shares	
	'000	\$'000	'000	\$'000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Issued and fully paid ordinary shares				
At 1 January	1,322,554	25,119	1,320,109	24,505
Ordinary shares issued upon vesting of performance shares	2,965 ⁽¹⁾	692	2,445 ⁽²⁾	614
At 31 December	1,325,519	25,811	1,322,554	25,119

⁽¹⁾ A total of 2,964,608 new ordinary shares were allotted and issued during the year as a result of the following:

- 1,945,210 new ordinary shares allotted and issued on 13 March 2023 pursuant to the vesting of certain performance shares awarded in March 2020;
- 499,999 new ordinary shares allotted and issued on 16 October 2023 pursuant to the vesting of certain performance shares awarded in October 2021; and
- 519,399 new ordinary shares allotted and issued on 18 October 2023 pursuant to the vesting of certain performance shares awarded in October 2022.

⁽²⁾ A total of 2,445,208 new ordinary shares were allotted and issued during FY 2022 as a result of the following:

- 1,945,209 new ordinary shares 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 allotted and issued on 17 October 2022 pursuant to the vesting of certain performance shares awarded in October 2021.

There were no sales, transfers, cancellation and/or use of treasury shares nor subsidiary holdings during FY 2023 and FY 2022. As at 31 December 2023 and 31 December 2022, there were no treasury shares held by the Company and there were no subsidiary holdings.

14. Investment securities held for sale

	Group and Company	
	31/12/2023	31/12/2022
	\$'000	\$'000
	(Unaudited)	(Audited)
At 1 January	653	–
Classification as asset held for sale	–	1,093
Less: Impairment loss	(653)	(440)
At 31 December	–	653

During FY 2022, the Company decided to divest its investment securities which were accordingly 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.

During FY 2023, the Company recorded an impairment loss of \$653,000 (2022: \$440,000) in marking down the carrying amount of the investment securities held for sale to its net realisable value of \$Nil (2022: \$653,000).

15. Investment property

During FY 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 rental income 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.

In December 2022, the Company entered into an operating lease on the property with a subsidiary for a tenure of 6 years. Rental income recognised by the Company during FY 2023 is approximately \$149,000 (2022: \$11,000).

Set out below are the carrying amount of the investment property and the movements during FY 2023 and FY 2022:

	Company	
	31/12/2023	31/12/2022
	\$'000	\$'000
	(Unaudited)	(Audited)
Cost		
At 1 January	4,012	–
Addition	–	4,012
At 31 December	4,012	4,012
Accumulated depreciation		
At 1 January	5	–
Depreciation charge for the year	138	5
At 31 December	143	5
Net book value		
At 31 December	3,869	4,007

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 \$4,012,000 which was estimated based on its purchase price and transaction costs. As at 31 December 2023, the fair value of the investment property was approximately \$3,900,000 based on the valuation performed by Savills Valuation and Professional Services (S) Pte Ltd, an accredited independent valuer, using the direct comparison method.

As at 31 December 2023, the property had not been pledged to any financial institution to secure bank facilities.

16. Investment in joint ventures

	Group	
	31/12/2023 \$'000 (Unaudited)	31/12/2022 \$'000 (Audited)
Equity shares, at cost	4,871	4,871
Discount on interest-free loan to joint venture	98	98
Share of results of joint ventures	(4,552)	(2,982)
Foreign currency translation	413	(201)
	830	1,786

As at 31 December 2023, the Group's cost of investment in joint ventures amounted to \$4,871,000 (2022: \$4,871,000).

Impairment test for loan to a joint venture

	Carrying amount		Basis on which recoverable amount is determined	Post-tax discount rate per annum	
	31/12/2023	31/12/2022		31/12/2023	31/12/2022
	\$'000 (Unaudited)	\$'000 (Audited)			
Group					
<i>Sino-Singapore Hospital Management (Chongqing) Co., Ltd. ("SSHM")</i>					
Loan to a joint venture	—	306	Value-in-use	22.5%	18.3%

During FY 2022, the Group through its subsidiary, TalkMed Chongqing Pte. Ltd., granted an interest-free loan of \$600,000 to its joint venture, SSHM.

As SSHM is an investment holding company with no trade activity, the recoverable amount of the loan to a joint venture has been determined based on value-in-use calculation using cash flow projections from financial budgets of Sino-Singapore Cancer Centre that were approved by management covering a five-year period. The cash flows for the five-year period included revenue growth rate of between 15% and 20% (2022: 8% and 79%).

The Group had assessed the recoverability of the loan made to SSHM and concluded that a further impairment of \$325,000 (2022: \$200,000) was required. The impairment loss represented the shortfall between the estimated recoverable amount and the carrying amount of the Group's loan to SSHM.

Key assumptions used in the value-in-use calculations

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

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

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

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.

The following table shows an analysis of each class of assets and liabilities not measured at fair value:

	Group			Carrying amount \$'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 2023 (Unaudited):				
<u>Non-financial assets:</u>				
Property, plant and equipment	—	—	3,900	3,869
<u>Financial assets carried at amortised cost:</u>				
Loan to a joint venture	—	—	509*	—
<u>Financial liabilities carried at amortised cost:</u>				
Loans from non-controlling shareholder to a subsidiary	—	—	4,226	4,190
31 December 2022 (Audited):				
<u>Non-financial assets:</u>				
Property, plant and equipment	—	4,012	—	4,007
<u>Financial assets carried at amortised cost:</u>				
Loan to a joint venture	—	—	506*	306
<u>Financial liabilities carried at amortised cost:</u>				
Loan from non-controlling shareholder to a subsidiary	—	—	2,688	2,682

* Fair value is computed based on the principal amount before impairment

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

Fair value measurement (cont'd)

	Company			Carrying amount \$'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 2023 (Unaudited):				
<u>Non-financial assets:</u>				
Investment property	—	—	3,900	3,869
<u>Financial assets carried at amortised cost:</u>				
Loans to a subsidiary	—	—	6,323*	—
31 December 2022 (Audited):				
<u>Non-financial assets:</u>				
Investment property	—	4,012	—	4,007
<u>Financial assets carried at amortised cost:</u>				
Loan to a subsidiary	—	—	4,025*	—

* Fair value is computed based on the principal amount before impairment

Property, plant and equipment/Investment property

In FY 2022, the valuation of property, plant and equipment / investment property is based on comparable market transactions that consider sales of similar properties that have been transacted in the open market. In FY 2023, the fair value of the investment property was based on the valuation performed by Savills Valuation and Professional Services (S) Pte Ltd, an accredited independent valuer, as follows:

Description	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Property, plant and equipment / investment property	Direct comparison method	Yield adjustments*	-5% to 5% (2022: Nil)	The higher the storey of the unit, the lower the valuation.

* Yield adjustments are made for any difference in storey of the specific property

Loans to a subsidiary and a joint venture and loans from non-controlling shareholder to a subsidiary

The fair value of the non-current loans to a subsidiary and a joint venture and loans from non-controlling shareholder to a subsidiary which are not carried at fair value in the balance sheet is presented in the tables above. The fair value is estimated based on the present value of future cash flows, discounted at the market rate of interest for similar types of lending or borrowing at the end of the reporting period.

Based on the impairment assessments carried out during FY 2023, the Company recorded a full impairment in respect of the carrying value of the Group's loan to a joint venture and the Company's loans to CellVec.

19. Subsequent events

There are no known subsequent events which have led to adjustments to this set of condensed financial statements for FY 2023.

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 2023 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 2023 and FY 2023

Revenue

The Group’s revenue for 2H 2023 was \$46.00 million, an increase of \$1.87 million or 4.2% from \$44.13 million in 2H 2022. The increase was attributable to the increase in oncology revenue of \$1.45 million from higher management fees, as well as an increase in revenue derived from our 60%-owned subsidiary, CellVec, for cellular and gene therapy related products and services of \$0.42 million.

The Group’s revenue for FY 2023 was \$83.79 million, an increase of approximately \$7.19 million or 9.4% from \$76.60 million in FY 2022. The increase was mainly attributable to the increase in revenue of approximately \$7.67 million derived from the oncology services segment. This increase was mainly due to the increase in number of patient visits. This was partially offset by the decrease in \$0.48 million from our 60%-owned subsidiary, CellVec, for cellular and gene therapy related products and services.

Other items of income

Interest income

In 2H 2023, interest income increased by \$0.89 million or 120.7%. The Group’s interest income for FY 2023 was \$2.61 million, an increase of \$1.73 million or 195.9% from \$0.88 million in FY 2022.

The increase in interest income in both 2H 2023 and FY 2023 was due to higher interest rates on fixed deposits and higher placement of fixed deposits.

Other income

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

In 2H 2023, other income decreased by \$0.02 million or 14.5%. The Group’s other income for FY 2023 was \$0.21 million, a decrease of \$0.09 million or 30.6% from \$0.30 million in FY 2022.

The decrease in other income in both 2H 2023 and FY 2023 was primarily due to the decrease in government grant under the Jobs Growth Incentive scheme.

Performance Review (cont'd)

2H 2023 and FY 2023 (cont'd)

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 2023, employee benefits expense increased by approximately \$2.39 million or 14.9% from \$16.08 million in 2H 2022 to \$18.46 million in 2H 2023. Employee benefits expense for FY 2023 increased by \$4.34 million or 14.8% from \$29.44 million in FY 2022 to \$33.78 million in FY 2023.

The increase in employee benefits expense in both 2H 2023 and FY 2023 was mainly due to an increase in staff bonus and staff salaries from the increased headcount in the Group's operations in Singapore.

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, 18 October 2022 and 19 December 2023 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 2023, it increased by approximately \$0.04 million or 15.1% from \$0.24 million in 2H 2022 to \$0.27 million in 2H 2023. The increase was due to the new performance shares granted in October 2022 and December 2023.

The Group's cost of share-based payments to employees for FY 2023 was \$0.55 million, an increase of \$0.05 million or 9.8% from \$0.50 million in FY 2022.

The increase in share-based payments to employees in FY 2023 was mainly due to the recognition of share-based payments expense in respect of the performance shares granted in October 2022 for the full year in FY 2023 as compared to three months in FY 2022.

Depreciation of right-of-use assets

The Group recorded depreciation of right-of-use assets of \$1.08 million and \$2.13 million in 2H 2023 and FY 2023 respectively, an increase of \$0.06 million or 6.1% and an increase of \$0.10 million or 4.9% from \$1.02 million and \$2.03 million in 2H 2022 and FY 2022 respectively.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment increased by approximately \$0.10 million or 38.2% from \$0.25 million in 2H 2022 to \$0.34 million in 2H 2023.

Depreciation of property, plant and equipment for FY 2023 increased by approximately \$0.15 million or 28.1% from \$0.52 million in FY 2022 to \$0.66 million in FY 2023. The increase was mainly due to higher depreciation expense incurred by CellVec.

Performance Review (cont'd)

2H 2023 and FY 2023 (cont'd)

Other items of expense (cont'd)

Finance costs

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

Finance costs for 2H 2023 increased by \$0.04 million or 21.3% from \$0.16 million in 2H 2022 to \$0.20 million in 2H 2023. The finance costs in FY 2022 were similar to FY 2023.

Other operating expenses

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

Other operating expenses increased by \$0.95 million or 32.1% from \$2.96 million in 2H 2022 to \$3.91 million in 2H 2023.

It increased by \$2.63 million or 50.9% from \$5.16 million in FY 2022 to \$7.79 million in FY 2023.

The increases in 2H 2023 and FY 2023 were mainly due to higher repair and maintenance costs as well as laboratory consumables, incurred by the Group.

Impairment loss

The Group had assessed the recoverability of the loan made to SSHM and concluded that a further impairment was needed. Accordingly, an impairment loss of approximately \$0.33 million was recorded in the year.

The Group also recorded an impairment loss of \$0.99 million on CellVec's plant and equipment.

During the year, the Company recorded full impairment loss of \$0.65 million in marking down the carrying amount of its investment securities held for sale to zero.

Share of results of associate

The Group's share of gain after tax of its associate, Hong Kong Integrated Oncology Centre Holdings Limited, was \$0.08 million in 2H 2023 compared to a share of loss of \$0.25 million in 2H 2022.

In FY 2023, the Group recorded a share of gain of \$0.07 million compared to a share of loss of \$0.33 million in FY 2022.

Performance Review (cont'd)

2H 2023 and FY 2023 (cont'd)

Share of results of joint ventures

The Group's share of loss after tax of its joint ventures, Sino-Singapore Hospital Management (Chongqing) Co., Ltd. and Chongqing Medtech Health Management Co., Ltd., was \$0.59 million in 2H 2023. This was a decrease of approximately \$0.55 million or 48.3% when compared to a share of loss of \$1.13 million in 2H 2022.

In FY 2023, the Group recorded a share of loss of \$1.57 million. This was a decrease of \$0.35 million or 18.4% when compared to a share of loss of \$1.92 million in FY 2022.

Income tax expense

Income tax expense decreased by \$0.15 million or 3.2% from \$4.69 million in 2H 2022 to \$4.54 million in 2H 2023 due to lower taxable profits in 2H 2023 as compared to 2H 2022. The effective tax rate for 2H 2023 was 21.2% as compared to 21.1% in 2H 2022.

Income tax expense for FY 2023 increased by approximately \$0.61 million or 7.7% from \$7.86 million in FY 2022 to \$8.46 million in FY 2023 due to higher taxable profits in FY 2023. The effective tax rate was 22.4% and 21.3% for FY 2023 and FY 2022 respectively.

Profit after tax

For 2H 2023, the profit after tax was \$16.86 million which represented a decrease of \$0.68 million or 3.9% when compared to \$17.54 million in 2H 2022. The profit after tax in FY 2023 of \$29.35 million increased by \$0.36 million or 1.2% from \$28.99 million in FY 2022.

The reasons for the decrease and increase for 2H 2023 and FY 2023 respectively 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 \$1.70 million which was attributable to the following:

- Decrease in the carrying amount of property, plant and equipment of \$1.01 million mainly attributable to impairment;
- Decrease in the carrying amount of joint ventures of \$0.96 million which arose mainly from the share of loss for FY 2023;
- Decrease in the carrying amount of a loan to a joint venture of \$0.31 million; and
- Decrease in trade receivables of \$0.08 million.

These were offset by the following:

- Increase in right-of-use assets of \$0.58 million; and
- Increase in the carrying amount of investment in associate of \$0.07 million which arose from the share of profits for FY 2023.

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

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 \$8.32 million which was attributable to an increase in inventories of \$0.15 million and an increase in cash and short-term deposits of \$9.31 million.

These were offset by the following:

- Decrease in prepaid operating expenses of \$0.11 million;
- Decrease in trade and other receivables of \$0.38 million; and
- Decrease in investment securities held for sale of \$0.65 million pursuant to a full impairment made in the year.

The decrease in trade and other receivables was mainly attributable to the decrease in GST receivables of a subsidiary.

Current liabilities

Current liabilities comprised trade and other payables, other liabilities, lease liabilities, income tax payable and loan from non-controlling shareholder to a subsidiary. Current liabilities increased by approximately \$7.90 million which was attributable to the following:

- Increase in trade and other payables of \$0.94 million;
- Increase in other liabilities of \$3.47 million due to the increase in year-end bonus provision and an increase in deferred revenue from CellVec;
- Increase in lease liabilities of \$0.08 million;
- Increase in income tax payable of \$0.61 million due to higher provision arising from higher taxable profit in FY 2023; and
- Re-classification of a loan of \$2.80 million from non-controlling shareholder to a subsidiary from non-current to current liabilities upon the maturity of the loan in FY 2023.

Non-current liabilities

Non-current liabilities comprised lease liabilities and loans from non-controlling shareholder to a subsidiary. Non-current liabilities decreased by \$0.78 million due to the decrease in loans from non-controlling shareholder to a subsidiary of \$1.29 million which included the re-classification of a loan to current liabilities upon its maturity in FY 2023. This was partially offset by the increase in lease liabilities of \$0.51 million.

Equity attributable to owners of the Company

The increase was mainly attributable to the profits earned during the year, partially offset by the payment of final and interim dividends to shareholders in respect of FY 2022 and FY 2023 respectively.

Non-controlling interests

This related to the 40% non-controlling interests' share in the net equity of CellVec and BioCell 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 2023

Operating activities

Net cash flows from operating activities amounted to \$19.86 million. This comprised operating cash flows before changes in working capital of \$23.71 million and interest received of \$1.31 million, less net changes in working capital of \$1.11 million, interest paid on lease liabilities of \$0.12 million and income tax paid of \$3.93 million.

The net increase in working capital of \$1.11 million was mainly due to the following:

- Increase in inventories of \$0.22 million;
- Increase in prepaid operating expenses of \$0.02 million;
- Increase in trade and other receivables of \$1.67 million; and
- Decrease in trade and other payables of \$0.73 million.

These were partially offset by the increase in other liabilities of \$1.53 million.

Investing activities

Net cash flows used in investing activities of \$0.25 million was attributable to the Group's purchase of plant and equipment.

Financing activities

Net cash flows used in financing activities amounted to \$10.79 million. This was attributable to the payment of interim dividends of \$11.92 million to shareholders in respect of FY 2023 and the payment for principal portion of lease liabilities of \$1.07 million.

These were partially offset by the following:

- Proceeds from issuance of shares by a newly incorporated subsidiary, BioCell, to its non-controlling shareholder of \$0.40 million; and
- Loans from non-controlling shareholder to subsidiary, CellVec, of \$1.80 million.

Net increase in cash and cash equivalents

The reasons for the net increase in cash and cash equivalents of \$8.82 million for 2H 2023 have been discussed above. Cash and cash equivalents totalled \$89.90 million as at 31 December 2023.

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

FY 2023

Operating activities

Net cash flows from operating activities amounted to approximately \$41.73 million. This comprised operating cash flows before changes in working capital of \$42.37 million, net changes in working capital of \$5.13 million and interest received of \$2.29 million, less interest paid on lease liabilities of \$0.21 million and income tax paid of \$7.86 million.

The net decrease in working capital of \$5.13 million was mainly due to the following:

- Decrease in prepaid operating expenses of \$0.11 million;
- Decrease in trade and other receivables of \$0.76 million;
- Increase in trade and other payables of \$0.94 million; and
- Increase in other liabilities of \$3.47 million.

These were partially offset by the increase in inventories of \$0.15 million.

Investing activities

Net cash flows used in investing activities of \$0.70 million was attributable to the purchase of plant and equipment by the Group's subsidiaries.

Financing activities

Net cash flows used in financing activities amounted to approximately \$31.71 million. This was attributable to the following:

- Payment of final and interim dividends of \$31.79 million to shareholders in respect of FY 2022 and FY 2023 respectively; and
- Payment for principal portion of lease liabilities of \$2.13 million.

These were partially offset by the following:

- Proceeds from issuance of shares by a newly incorporated subsidiary, BioCell, to its non-controlling shareholder of \$0.40 million; and
- Loans from non-controlling shareholder to subsidiary, CellVec, of \$1.80 million.

Net increase in cash and cash equivalents

The reasons for the net increase in cash and cash equivalents of approximately \$9.31 million for FY 2023 have been discussed above. Cash and cash equivalents totalled \$89.90 million as at 31 December 2023.

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

In 2023, our oncology business continued to see an improvement in patient numbers as connectivity between Singapore and the region was gradually restored to close to pre-COVID-19 levels. This has bolstered our revenue growth during the year, causing 2023's revenue to exceed pre-COVID level.

However, challenges remain as the Cancer Drug List (“**CDL**”) that was introduced by the government in September 2022 so as to keep cancer treatments and insurance premiums affordable in the longer term, has adversely affected and is expected to affect our local patient numbers. Following the implementation of the CDL, patients would have to bear higher out-of-pocket payments following the changes in the coverage by the insurance companies for cancer treatments.

Also, we face growing competition in the region that is brought about by a strong Singapore dollar relative to the currencies in the region and investments to build up healthcare infrastructure and expertise in the region.

We will continue to pursue the growth in foreign patients to counter the headwinds that we have experienced in our local patient segment.

In relation to the cell and gene therapy business, the Group through CellVec has successfully delivered batches of lentiviral vectors that are compliant with current good manufacturing practice (cGMP) regulations to clients ranging from small biotech companies to research powerhouses. Its manufacturing process, quality systems and proprietary plasmids have met the requirements of Investigational New Drug (IND) applications internationally and its products are currently been used in clinical trials.

CellVec is now better positioned to take on a diverse range of clients in the next 12 months. With an expected pick-up in venture funding in the cell and gene therapy sector during the next quarter, it aims to capitalise on the market growth by closing in on active customer leads which include, among others, listed biotechnology companies, research institutes to large pharmaceutical companies.

In 2023, the Group incorporated a new subsidiary, BioCell Innovations Pte. Ltd. (“**BioCell**”), a spin-off from CellVec to address the inequalities in the access to medicine for these innovative therapies by developing a portfolio of more affordable products with international collaborators. The Group hopes to gain access to the humanised CD 19-CAR market through BioCell using compassionate-based/safety treatment programmes for patients.

Hong Kong/ China

As Hong Kong and mainland China returned to normalcy following the roll-back of COVID-19 measures during the earlier part of 2023, we have seen an improvement in our patient numbers at our centres, thereby lifting their financial performances during 2023, including positive net profits for our Hong Kong centre for the full year.

We will continue to grow our patient numbers through improvement in operations and by raising the profiles of our centres through collaborations with established hospitals and insurance companies, hiring of more experienced doctors and other medical professionals as well as looking into new and enhanced services to distinguish our centres from their competitors.

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.**

Hong Kong/ China (cont'd)

With an ageing population in Hong Kong, the demand for cancer treatment is expected to rise continuously. However, capacity issues have led to long waiting time at public hospitals and the government is likely to put in place more public-private partnership programmes which will help to channel more patients to the private sector. However, our Hong Kong centre faces stiff competition from other private players. With the opening of a new private radiation therapy centre in Hong Kong in mid-2024, we expect stiffer competition in the radiation oncology sector. Nevertheless, our Hong Kong centre will continue to explore public-private collaborations to boost local patient numbers. It will also actively look into partnerships with new hospitals in the Guangdong-Hong Kong-Macau Greater Bay Area and engage with China referral agents and insurance agents as part of its effort to increase its channels of patient referrals and to better manage patient care for patients across the border.

Also, with the resumption of the VISA-free entry for Singaporeans into China, we will work on increasing the frequency of visits to our China centres by our Singapore experts which is expected to further bolster the growth in caseloads at these centres.

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 2023 as follows:

Name of dividend	Final dividend
Dividend type	Cash
Dividend rate	\$0.013 per ordinary share
Tax rate	Tax exempt (one-tier)

The Company had also declared an interim cash dividend (one-tier tax exempt) of \$0.009 per ordinary share, which was paid on 22 August 2023.

(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	\$0.015 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.

(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 18 April 2024, will be paid on 10 May 2024.

5. Dividend information

(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 18 April 2024, the Share Transfer Books and Register of Members of the Company will be closed at 5:00 p.m. on 2 May 2024 for the purpose of determining entitlements of ordinary shareholders to the tax exempt (one-tier) Final Dividend of 1.3 Singapore Cents per ordinary share for FY 2023.

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 2024 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 2024 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 18 April 2024, will be made on 10 May 2024.

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 2023:

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⁾	224	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.

BY ORDER OF THE BOARD

Ang Peng Tiam
Chief Executive Officer
20 February 2024