

**Unaudited Financial Statements and Dividend Announcement  
For the Second Quarter and Six Months Ended 30 November 2019**

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

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

	Group					
	2nd Quarter Ended			6 months Ended		
	30 November 2019 (Unaudited) S\$'000	30 November 2018 (Unaudited) S\$'000	Change %	30 November 2019 (Unaudited) S\$'000	30 November 2018 (Unaudited) S\$'000	Change %
Revenue	4,851	4,625	4.9%	9,769	8,470	15.3%
<b>Other items of income</b>						
Other income	122	170	-28.2%	461	229	101.3%
<b>Items of expense</b>						
Changes in inventories	(5)	16	N.M.	64	131	-51.1%
Inventories, consumables and surgery expenses	(546)	(481)	13.5%	(1,122)	(1,030)	8.9%
Employee benefits expenses	(1,614)	(1,677)	-3.8%	(3,326)	(3,110)	6.9%
Fair value loss on financial assets at FVTPL	(601)	-	N.M.	(601)	-	N.M.
Depreciation and amortisation expenses	(283)	(101)	180.2%	(564)	(199)	183.4%
Operating lease expenses	(85)	(281)	-69.8%	(156)	(537)	-70.9%
Other expenses	(410)	(433)	-5.3%	(1,269)	(814)	55.9%
Finance costs	(71)	(17)	317.6%	(82)	(35)	134.3%
Share of results of an associate, net of tax	-	6	N.M.	-	52	N.M.
Profit before income tax	1,358	1,827	-25.7%	3,174	3,157	0.5%
Income tax expense	(287)	(243)	18.1%	(599)	(458)	30.8%
<b>Profit for the financial period, representing total comprehensive income for the financial period</b>	<b>1,071</b>	<b>1,584</b>	<b>-32.4%</b>	<b>2,575</b>	<b>2,699</b>	<b>-4.6%</b>
<b>Profit and total comprehensive income attributable to:</b>						
Owners of the parent	954	1,286	-25.8%	2,166	2,164	0.1%
Non-controlling interests	117	298	-60.7%	409	535	-23.6%
	<b>1,071</b>	<b>1,584</b>	<b>-32.4%</b>	<b>2,575</b>	<b>2,699</b>	<b>-4.6%</b>

N.M. – Not meaningful

**1(a)(ii) Notes to Consolidated Statement of Comprehensive Income**

	<b>Group</b>			
	<b>2nd Quarter Ended</b>		<b>6 months Ended</b>	
	<b>30 November</b>	<b>30 November</b>	<b>30 November</b>	<b>30 November</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Profit for the financial period is stated after charging/(crediting) the following:</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Amortisation of intangible assets	2	4	5	7
Depreciation of property, plant and equipment	281	97	559	192
Fair value loss on financial assets at FVTPL	601	-	601	-
(Gain)/Loss on disposal of investments in subsidiaries	(48)	-	348	-
Gain on disposal of property, plant and equipment	(11)	-	(11)	-

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

	Group		Company	
	30 November 2019 (Unaudited) S\$'000	31 May 2019 (Audited) S\$'000	30 November 2019 (Unaudited) S\$'000	31 May 2019 (Audited) S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4,092	1,099	806	47
Intangible assets	4,780	5,863	-	-
Investments in subsidiaries	-	-	8,944	6,218
Investment in associates	480	-	480	-
Investment in joint ventures	90	90	90	90
Debt instruments at amortised cost	2,000	2,000	2,000	2,000
Financial assets at FVTPL	8,775	9,211	8,775	9,211
Deferred tax assets	-	2	-	-
Derivative financial instruments	-	-	542	542
Advance payments	-	139	-	139
Other receivables	550	536	550	536
	<b>20,767</b>	<b>18,940</b>	<b>22,187</b>	<b>18,783</b>
<b>Current assets</b>				
Inventories	272	311	-	-
Trade and other receivables	2,016	2,148	3,060	2,309
Prepayments	279	186	183	68
Cash and bank balances	6,525	5,027	3,583	2,061
	<b>9,092</b>	<b>7,672</b>	<b>6,826</b>	<b>4,438</b>
<b>Total assets</b>	<b>29,859</b>	<b>26,612</b>	<b>29,013</b>	<b>23,221</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	15,419	14,433	15,419	14,433
Treasury shares	(541)	(541)	(541)	(541)
Merger reserve	(815)	(815)	-	-
Capital reserve	(7)	(7)	(7)	(7)
Other reserve	(4,647)	(829)	-	-
Retained earnings	8,011	7,631	6,453	6,804
<b>Equity attributable to owners of the parent</b>	<b>17,420</b>	<b>19,872</b>	<b>21,324</b>	<b>20,689</b>
Non-controlling interests	282	410	-	-
<b>Total equity</b>	<b>17,702</b>	<b>20,282</b>	<b>21,324</b>	<b>20,689</b>

	<b>Group</b>		<b>Company</b>	
	<b>30 November 2019 (Unaudited) S\$'000</b>	<b>31 May 2019 (Audited) S\$'000</b>	<b>30 November 2019 (Unaudited) S\$'000</b>	<b>31 May 2019 (Audited) S\$'000</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	72	72	-	-
Derivative financial instruments	28	619	244	834
Other financial liabilities	829	829	-	-
Redeemable convertible loans	5,000	-	5,000	-
Lease liabilities	1,655	-	460	-
Provisions	103	123	21	21
	<b>7,687</b>	<b>1,643</b>	<b>5,725</b>	<b>855</b>
<b>Current liabilities</b>				
Trade and other payables	2,603	3,160	1,392	1,080
Lease liabilities	707	-	318	-
Bank borrowings	125	500	125	500
Current income tax payable	1,035	1,027	129	97
	<b>4,470</b>	<b>4,687</b>	<b>1,964</b>	<b>1,677</b>
<b>Total liabilities</b>	<b>12,157</b>	<b>6,330</b>	<b>7,689</b>	<b>2,532</b>
<b>Total equity and liabilities</b>	<b>29,859</b>	<b>26,612</b>	<b>29,013</b>	<b>23,221</b>

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

**Amount repayable in one year or less, or on demand**

<b>As at 30 November 2019 (Unaudited)</b>		<b>As at 31 May 2019 (Audited)</b>	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	5,125	-	500

**Amount repayable after one year**

<b>As at 30 November 2019 (Unaudited)</b>		<b>As at 31 May 2019 (Audited)</b>	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	-	-

**Details of collaterals**

Not applicable.

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

**Consolidated Statement of Cash Flows**

	<b>Group</b>			
	<b>2nd Quarter Ended</b>		<b>6 months Ended</b>	
	<b>30 November</b>	<b>30 November</b>	<b>30 November</b>	<b>30 November</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	
<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	
<b>Operating activities</b>				
Profit before income tax	1,358	1,827	3,174	3,157
Adjustments for:				
Amortisation of intangible assets	2	4	5	7
Depreciation of property, plant and equipment	281	97	559	192
Dividend income from financial assets at FVTPL	-	-	(253)	-
Fair value loss on financial assets at FVTPL	601	-	601	-
(Gain)/Loss on disposal of investments in subsidiaries	(48)	-	348	-
Gain on disposal of property, plant and equipment	(11)	-	(11)	-
Interest income	(47)	(31)	(89)	(64)
Interest expense	71	17	82	35
Lease interest	21	-	39	-
Inventories written off	5	-	6	-
Plant and equipment written off	1	-	5	-
Share of results of an associate, net of tax	-	(6)	-	(52)
Operating cash flows before working capital changes	2,234	1,908	4,466	3,275
Working capital changes:				
Inventories	36	(18)	(39)	(133)
Trade and other receivables	146	(264)	(141)	(88)
Prepayments	(105)	22	(114)	19
Trade and other payables	18	88	(452)	(453)
Cash generated from operations	2,329	1,736	3,720	2,620
Income tax paid	(474)	(328)	(481)	(329)
Net cash from operating activities	1,855	1,408	3,239	2,291
<b>Investing activities</b>				
Acquisition of subsidiaries, net of cash acquired	(2,877)	(83)	(2,877)	(561)
Dividend received from financial assets at FVTPL	-	-	253	-
Interest received	40	31	75	64
Investment in an associate	-	(56)	(341)	(56)
Proceeds from disposal of property, plant and equipment	19	-	19	-
Purchase of intangible assets	-	-	-	(4)
Purchase of property, plant and equipment	(835)	(47)	(864)	(65)
Net cash used in investing activities	(3,653)	(155)	(3,735)	(622)

	<b>Group</b>			
	<b>2nd Quarter Ended</b>		<b>6 months Ended</b>	
	<b>30 November</b>	<b>30 November</b>	<b>30 November</b>	<b>30 November</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	
<b>Financing activities</b>				
Dividends paid to owners of the parent	(1,786)	(1,492)	(1,786)	(1,492)
Dividends paid to non-controlling interests	(305)	(323)	(472)	(519)
Interest paid	(3)	(17)	(7)	(35)
Proceeds from redeemable convertible loan	-	-	5,000	-
Purchase of treasury shares	-	-	-	(201)
Repayment of bank borrowings	(188)	(188)	(375)	(375)
Repayment of lease liabilities	(172)	-	(366)	-
Net cash (used in)/from financing activities	<u>(2,454)</u>	<u>(2,020)</u>	<u>1,994</u>	<u>(2,622)</u>
Net change in cash and cash equivalents	(4,252)	(767)	1,498	(953)
Cash and cash equivalents at beginning of financial period	10,777	4,802	5,027	4,988
Cash and cash equivalents at end of financial period	<u>6,525</u>	<u>4,035</u>	<u>6,525</u>	<u>4,035</u>

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

**Consolidated Statement of Changes in Equity  
Group**

**(Unaudited)**

	Share capital	Treasury shares	Merger reserve	Capital reserve	Other reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 June 2019	14,433	(541)	(815)	(7)	(829)	7,631	19,872	410	20,282
<b>Profit for the financial period</b>	-	-	-	-	-	1,212	1,212	292	1,504
<b>Total comprehensive income for the financial period</b>	-	-	-	-	-	1,212	1,212	292	1,504
<b>Transactions with non-controlling interests</b>									
Share of loss in disposal of investment in a subsidiary	-	-	-	-	-	-	-	(19)	(19)
Dividends	-	-	-	-	-	-	-	(167)	(167)
<b>Total transactions with non-controlling interests</b>	-	-	-	-	-	-	-	(186)	(186)
Balance at 31 August 2019	14,433	(541)	(815)	(7)	(829)	8,843	21,084	516	21,600
Balance at 1 September 2019	14,433	(541)	(815)	(7)	(829)	8,843	21,084	516	21,600
<b>Profit for the financial period</b>	-	-	-	-	-	954	954	117	1,071
<b>Total comprehensive income for the financial period</b>	-	-	-	-	-	954	954	117	1,071
<b>Contributions by and distributions to owners</b>									
Issue of shares	986	-	-	-	-	-	986	-	986
Dividends	-	-	-	-	-	(1,786)	(1,786)	-	(1,786)
<b>Total transactions with owners</b>	986	-	-	-	-	(1,786)	(800)	-	(800)
<b>Transactions with non-controlling interests</b>									
Acquisition of non-controlling interests	-	-	-	-	(3,818)	-	(3,818)	(46)	(3,864)
Dividends	-	-	-	-	-	-	-	(305)	(305)
<b>Total transactions with non-controlling interests</b>	-	-	-	-	(3,818)	-	(3,818)	(351)	(4,169)
Balance at 30 November 2019	15,419	(541)	(815)	(7)	(4,647)	8,011	17,420	282	17,702



(Unaudited)

	Share capital S\$'000	Treasury shares S\$'000	Merger reserve S\$'000	Capital reserve S\$'000	Other reserve S\$'000	Retained earnings S\$'000	Equity attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
Balance at 1 June 2018	14,433	(321)	(815)	-	-	3,407	16,704	404	17,108
<b>Profit for the financial period</b>	-	-	-	-	-	878	878	237	1,115
<b>Total comprehensive income for the financial period</b>	-	-	-	-	-	878	878	237	1,115
<b>Contributions by owners</b>									
Issue of shares	-	206	-	(7)	-	-	199	-	199
Purchase of treasury shares	-	(201)	-	-	-	-	(201)	-	(201)
<b>Total transactions with owners</b>	-	5	-	(7)	-	-	(2)	-	(2)
<b>Transactions with non-controlling interests</b>									
Dividends	-	-	-	-	-	-	-	(196)	(196)
<b>Total transactions with non-controlling interests</b>	-	-	-	-	-	-	-	(196)	(196)
Balance at 31 August 2018	14,433	(316)	(815)	(7)	-	4,285	17,580	445	18,025
Balance at 1 September 2018	14,433	(316)	(815)	(7)	-	4,285	17,580	445	18,025
<b>Profit for the financial period</b>	-	-	-	-	-	1,286	1,286	298	1,584
<b>Total comprehensive income for the financial period</b>	-	-	-	-	-	1,286	1,286	298	1,584
<b>Contributions by owners</b>									
Dividends	-	-	-	-	-	(1,492)	(1,492)	-	(1,492)
<b>Total transactions with owners</b>	-	-	-	-	-	(1,492)	(1,492)	-	(1,492)
<b>Transactions with non-controlling interests</b>									
Acquisition of non-controlling interests	-	-	-	-	-	-	-	(18)	(18)
Dividends	-	-	-	-	-	-	-	(323)	(323)
<b>Total transactions with non-controlling interests</b>	-	-	-	-	-	-	-	(341)	(341)
Balance at 30 November 2018	14,433	(316)	(815)	(7)	-	4,079	17,374	402	17,776

**Statement of Changes in Equity  
Company**

<b>(Unaudited)</b>	<b>Share capital S\$'000</b>	<b>Treasury shares S\$'000</b>	<b>Capital reserve S\$'000</b>	<b>Retained earnings S\$'000</b>	<b>Total equity S\$'000</b>
Balance at 1 June 2019	14,433	(541)	(7)	6,804	20,689
<b>Profit for the financial period</b>	-	-	-	564	564
<b>Total comprehensive income for the financial period</b>	-	-	-	564	564
Balance at 31 August 2019	14,433	(541)	(7)	7,368	21,253
Balance at 1 September 2019	14,433	(541)	(7)	7,368	21,253
<b>Profit for the financial period</b>	-	-	-	871	871
<b>Total comprehensive income for the financial period</b>	-	-	-	871	871
<b>Contributions by and distributions to owners</b>					
Issue of shares	986	-	-	-	986
Dividends	-	-	-	(1,786)	(1,786)
<b>Total transactions with owners</b>	986	-	-	(1,786)	(800)
Balance at 30 November 2019	15,419	(541)	(7)	6,453	21,324
<b>(Unaudited)</b>					
Balance at 1 June 2018	14,433	(321)	-	2,674	16,786
<b>Profit for the financial period</b>	-	-	-	712	712
<b>Total comprehensive income for the financial period</b>	-	-	-	712	712
<b>Contributions by and distributions to owners</b>					
Issue of shares	-	206	(7)	-	199
Purchase of treasury shares	-	(201)	-	-	(201)
<b>Total transactions with owners</b>	-	5	(7)	-	(2)
Balance at 31 August 2018	14,433	(316)	(7)	3,386	17,496
Balance at 1 September 2018	14,433	(316)	(7)	3,386	17,496
<b>Profit for the financial period</b>	-	-	-	838	838
<b>Total comprehensive income for the financial period</b>	-	-	-	838	838
<b>Contributions by and distributions to owners</b>					
Dividends	-	-	-	(1,492)	(1,492)
<b>Total transactions with owners</b>	-	-	-	(1,492)	(1,492)
Balance at 30 November 2018	14,433	(316)	(7)	2,732	16,842

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

**Share Capital – Ordinary Shares**

The Company’s issued and fully paid-up capital (excluding treasury shares) as at 30 November 2019 comprised 150,565,730 (31 May 2019: 148,805,730) ordinary shares. On 11 October 2019, the Company issued 1,760,000 new ordinary shares to Dr. Julian Ong in satisfaction of the consideration shares in connection with the acquisition of an additional 19.0% of the issued and paid-up share capital in Julian Ong Endoscopy & Surgery Pte. Ltd. (“JOES”).

**Outstanding Convertibles**

The Company had issued S\$5,000,000 convertible bonds to Vanda 1 Investments Pte. Ltd. (“Vanda 1”) in August 2019, which are still outstanding as at 30 November 2019 (30 November 2018: S\$Nil).

In addition to the convertible bonds, there was an option granted to Vanda 1 to subscribe up to 8,064,516 new ordinary shares in the capital of the Company (“Option Shares”) for an aggregate consideration of S\$5,000,000 at the exercise price of S\$0.62 per Option Share.

**Treasury Shares**

There were 829,900 treasury shares (representing 0.55% of the Company’s 150,565,730 ordinary shares (excluding treasury shares)) as at 30 November 2019 and 459,900 treasury shares (representing 0.31% of the Company’s 149,175,730 ordinary shares (excluding treasury shares)) as at 30 November 2018.

**Subsidiary Holdings**

There were no subsidiary holdings as at 30 November 2019 and 30 November 2018.

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

	As at 30 November 2019	As at 31 May 2019
Total number of issued shares excluding treasury shares	150,565,730	148,805,730

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

Not applicable. There were no sales, transfers, cancellation and/or use of treasury shares during and as at the end of the current financial period reported on.

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on**

Not applicable. There were no subsidiary holdings during and as at the end of the current financial period reported on.

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

The figures have not been audited or reviewed by the Company's auditors.

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

Not applicable. The figures have not been audited or reviewed by the Company's auditors.

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

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation adopted in the financial statements for the reporting period are consistent with those disclosed in the most recently audited consolidated financial statements for the financial year ended 31 May 2019.

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

The Group and the Company have adopted the new SFRS(I) 16 *Leases* on 1 June 2019, using the modified retrospective approach in accordance with the transitional provisions, and therefore recognised leases on the statement of financial position as at 1 June 2019.

SFRS(I) 16 introduces a new single lessee accounting model which eliminates the current distinction between operating and finance leases for lessees. It requires lessees to capitalise all leases on the statement of financial position by recognising a "right-of-use" asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets.

The Group and the Company have not restated comparatives for the previous reporting period as permitted under the specific transition provisions in SFRS(I) 16. The Group and the Company capitalised its operating leases on office premises and clinic spaces on the consolidated statement of financial position by recognising them as "right-of-use" assets of approximately S\$1,951,000 and their corresponding lease liabilities for the present value of future lease payments of approximately S\$1,918,000. Subsequently, the lease assets will be depreciated over the lease term on a straight-line basis and the lease liabilities will be measured at amortised cost.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

Earnings per share ("EPS")	Group			
	Second Quarter Ended		Six Months Ended	
	30-Nov-19 (Unaudited)	30-Nov-18 (Unaudited)	30-Nov-19 (Unaudited)	30-Nov-18 (Unaudited)
Profit attributable to owners of the parent (S\$)	954,000	1,286,000	2,166,000	2,164,000
Weighted average number of ordinary shares in issue	149,792,104 <sup>(1)</sup>	149,175,730	149,296,222 <sup>(1)</sup>	149,134,746 <sup>(2)</sup>
Basic EPS (cents per share)	0.64	0.86	1.45	1.45
Fully diluted EPS (cents per share) <sup>(3)</sup>	0.10	0.86	0.21	1.45

Notes:-

- (1) The weighted average number of ordinary shares in issue for the second quarter and six months ended 30 November 2019 was computed based on 148,805,730 ordinary shares as adjusted for the issue of 1,760,000 new ordinary shares to Dr. Julian Ong on 11 October 2019 as satisfaction of the consideration shares for the acquisition of an additional 19.0% of the equity interest in JOES.
- (2) The weighted average number of ordinary shares in issue for the six months ended 30 November 2018 was computed based on 149,175,730 ordinary shares, adjusted for (i) the purchase of 300,000 treasury shares on 23 July 2018; and (ii) the transfer of 300,000 treasury shares to Dr. Jason Lim as satisfaction of the consideration for the acquisition of 51% of the equity interest in Jason Lim Endoscopy and Surgery Pte. Ltd. ("JLES") on 17 August 2018.
- (3) The fully diluted EPS was adjusted for the impact arising from the convertible bonds as at 30 November 2019. The fully diluted EPS for the second quarter ended 30 November 2018 is the same as the basic EPS because the Company did not have any potentially dilutive ordinary shares during and as at the end of 30 November 2018.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**

- (a) Current period reported on; and
- (b) Immediately preceding financial year

Net asset value ("NAV")	Group		Company	
	30-Nov-19 (Unaudited)	31-May-19 (Audited)	30-Nov-19 (Unaudited)	31-May-19 (Audited)
NAV (S\$)	17,420,000	19,872,000	21,324,000	20,689,000
Number of ordinary shares in issue	150,565,730	148,805,730	150,565,730	148,805,730
NAV per ordinary share (S\$ cents)	11.57	13.35	14.16	13.90

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:-**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

#### **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

***Review for the performance of the Group for the second quarter ended 30 November 2019 ("2QFY2020") as compared to the second quarter ended 30 November 2018 ("2QFY2019").***

The increase in revenue was mainly due to increased contributions from:-

- (i) new subsidiaries acquired during the previous financial year, which included JLES which commenced operations in August 2018 and Medical Services @ Tampines Pte. Ltd. ("**MST**") where an additional 50% equity interest was acquired in September 2018; and
- (ii) increased revenue from existing subsidiaries.

Depreciation and amortisation expenses increased and operating lease expenses decreased due to recognition of lease liabilities upon the adoption of SFRS(I) 16.

Fair value loss on financial assets at fair value through profit or loss ("**FVTPL**") related to the drop in share price of Medinex Limited, in which the Company holds a direct interest of 22.92% and a deemed interest of 9.50% of the total issued share capital.

Finance costs increased mainly due to interest on the Company's S\$5,000,000 redeemable convertible loan with Vanda 1.

As a result of the abovementioned, profit before income tax decreased in 2QFY2020 as compared to 2QFY2019.

Income tax expense increased due to higher taxable profit recorded in the current period compared to the corresponding period in the previous financial year.

As a result of the abovementioned, profit after income tax decreased in 2QFY2020.

## **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

***The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 30 November 2019 and 31 May 2019.***

Property, plant and equipment increased from S\$1.10 million to S\$4.09 million due to recognition of "right-of-use" assets in line with the adoption of SFRS(I) 16.

Intangible assets comprise goodwill and computer software. The decrease in intangible assets from S\$5.86 million to S\$4.78 million was primarily due to the decrease in goodwill of S\$1,078,000 from the disposal of investments in HMC Medical Pte. Ltd. in July 2019 and CTK Tan Surgery Pte. Ltd. ("CTK") in September 2019.

Investment in associates arose from the investment in Medistar Services Pte. Ltd. ("**Medistar**") of S\$480,000 in July 2019.

Financial assets at FVTPL decreased mainly due to change in fair value of S\$601,000.

Other reserve decreased by S\$3.82 million due to the acquisition of additional 19.0% equity interest in JOES and 16.7% equity interest in MST in September 2019.

Derivative financial instruments decreased by S\$591,000 due to the disposal of CTK in September 2019.

Current and non-current lease liabilities of S\$2.36 million were incurred upon the adoption of SFRS(I) 16.

Trade and other payables decreased mainly due to payment of expenses such as bonus and audit fee during the current financial year.

Bank borrowings decreased due to repayments of short-term loan for working capital purpose.

## **CONSOLIDATED STATEMENT OF CASH FLOWS**

***Review for the performance of the Group for the second quarter ended 30 November 2019 ("2QFY2020") as compared to the second quarter ended 30 November 2018 ("2QFY2019").***

The Group recorded net cash from operating activities of S\$1,855,000 in 2QFY2020 as compared to net cash from operating activities of S\$1,408,000 in 2QFY2019, due to higher operating receipts.

In 2QFY2020, net cash used in investing activities was primarily related to the acquisition of additional equity interest in JOES and MST of S\$2,877,000 and the purchase of property, plant and equipment for new clinics.

Net cash used in financing activities in 2QFY2020 largely related to the payment of FY2019 final dividends of S\$1,786,000 to shareholders, dividends paid to non-controlling interests of S\$305,000; repayments of bank borrowings of S\$188,000; and repayments of lease liabilities of S\$172,000.

Overall, the Group recorded a net decrease in cash and cash equivalents of S\$4,252,000 in 2QFY2020, resulting in cash and cash equivalents of S\$6,525,000 as at 30 November 2019.

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

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

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

In 2QFY2020, the Group saw its new endoscopy centre at Camden Centre commence operations in mid-October 2019. In addition, the Group is in the midst of applying for a clinic licence for another new endoscopy centre at Ang Mo Kio. With the addition of these two new endoscopy centres, the Group believes that this will increase its accessibility to provide its services to all its patients.

The Group will continue to look for opportunities and suitable partners in its expansion plans, in addition to the ongoing search for young, talented specialists to join the Group to reinforce the Group's specialist platform to support the next generation of specialists.

**11. Dividend**

If a decision regarding dividend has been made: -

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

Name of Dividend	Interim
Dividend Type	Ordinary
Dividend Amount per Share (in S\$ cents)	1.3 cents per ordinary share (one tier tax exempt)
Tax Rate	Tax Exempt

- (b) Previous corresponding period (cents)

Name of Dividend	Interim
Dividend Type	Ordinary
Dividend Amount per Share (in S\$ cents)	1.0 cents per ordinary share (one tier tax exempt)
Tax Rate	Tax Exempt



- (c) The date the dividend is payable.

The dividend will be paid on 30 January 2020.

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

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed at 5.00 p.m. on 17 January 2020 for the purpose of determining shareholders' entitlements to the interim dividends.

Duly completed registrable transfers received by the Company's Share Registrar, Tricor Singapore Pte Ltd, 80 Robinson Road #02-00, Singapore 068898, up to the close of business at 5.00 p.m. on 17 January 2020, will be registered to determine shareholders' entitlements to the interim dividend.

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

Not applicable.

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

The Group does not have a general mandate from shareholders for interested person transactions.

There were no IPTs of S\$100,000 and above entered into in 2QFY2020.

**14. Use of Proceeds from Convertible Bonds**

The Company refers to the net cash proceeds amounting to S\$5 million received from the issuance of a convertible bond to Vanda 1 in August 2019.

As at the date of this announcement, the status on the use of net proceeds from the convertible bonds is as follows:

	<b><u>S\$'000</u></b>
Net proceeds	5,000
Amount utilised <sup>(1)</sup>	<u>(2,847)</u>
<b>Balance</b>	<b><u><u>2,153</u></u></b>

Notes:

(1) Utilised for the following:-

- (a) acquisition of additional 19% stake in JOES – S\$2,846,712.

The use of net proceeds is in accordance to its intended use as announced in the convertible bond announcement.

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

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

**16. Negative Confirmation by the Board Pursuant to Rule 705(5) of the Catalist Listing Manual**

The Board of Directors of the Company confirms that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results for 2QFY2020 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

Dr. Heah Sieu Min  
Executive Director and Chief Executive Officer  
9 January 2020

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**About HC Surgical Specialists Limited**

HC Surgical Specialists Limited (the "**Company**") was incorporated on 1 September 2015 in Singapore and listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 3 November 2016. The Company and its subsidiaries and associated company are a medical services group primarily engaged in the provision of endoscopic procedures, including gastroscopies and colonoscopies and general surgery services with a focus on colorectal procedures across a network of 16 clinics located throughout Singapore.

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This announcement has been prepared by the Company and reviewed by the sponsor, Novus Corporate Finance Pte. Ltd. (the "Sponsor") in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

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

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