

ISEC HEALTHCARE LTD.

(Company Registration No.201400185H)

**Unaudited Financial Statement and Dividend Announcement
For the Financial Year Ended 31 December 2018**

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR 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			Group		
	3 Months Ended			12 Months Ended		
	31	31	Change	31	31	Change
	December	December		December	December	
2018	2017		2018	2017		
(Unaudited)	(Unaudited)		(Unaudited)	(Audited)		
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Revenue	10,492	9,531	10%	40,444	36,976	9%
Cost of sales	(5,413)	(4,994)	8%	(20,980)	(19,486)	8%
Gross profit	5,079	4,537	12%	19,464	17,490	11%
Other item of income						
Other income	217	294	-26%	608	597	2%
Other items of expense						
Selling and distribution expenses	(4)	(20)	-80%	(22)	(53)	-58%
Administrative expenses	(1,945)	(1,948)	0%	(8,168)	(7,387)	11%
Other expenses	(149)	(113)	32%	(655)	(561)	17%
Interest expense	(1)	(3)	-67%	(4)	(7)	-43%
Share of results of associate	(19)	-	NM	(30)	-	NM
Profit before income tax	3,178	2,747	16%	11,193	10,079	11%
Income tax expense	(742)	(668)	11%	(2,516)	(2,194)	15%
Profit for the financial period	2,436	2,079	17%	8,677	7,885	10%

NM – Not meaningful

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	Group			Group		
	3 Months Ended			12 Months Ended		
	31	31	Change	31	31	Change
	December	December		December	December	
2018	2017		2018	2017		
(Unaudited)	(Unaudited)	%	(Unaudited)	(Audited)	%	
	S\$'000	S\$'000		S\$'000	S\$'000	
Other comprehensive income						
<i>Items that may be reclassified</i>						
<i>subsequently to profit or loss:</i>						
Foreign currency translation						
differences - foreign						
operations	(45)	560	NM	23	512	-96%
Other comprehensive						
income for the financial						
period, net of tax	(45)	560	NM	23	512	-96%
Total comprehensive						
income for the financial						
period	2,391	2,639	-9%	8,700	8,397	4%
Profit attributable to:						
Owners of the parent	2,328	2,108	10%	8,407	7,907	6%
Non-controlling interests	108	(29)	NM	270	(22)	NM
Profit for the financial						
period	2,436	2,079	17%	8,677	7,885	10%
Total comprehensive						
income attributable to:						
Owners of the parent	2,283	2,662	-14%	8,434	8,409	0%
Non-controlling interests	108	(23)	NM	266	(12)	NM
Total comprehensive						
income for the financial						
period	2,391	2,639	-9%	8,700	8,397	4%

NM – Not meaningful

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

Profit before income tax is arrived after charging/(crediting) the following:

	Group			Group		
	3 Months Ended			12 Months Ended		
	31	31	Change	31	31	Change
	December	December		December	December	
2018	2017		2018	2017		
(Unaudited)	(Unaudited)		(Unaudited)	(Audited)		
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Depreciation of plant and equipment - cost of sales	148	154	-4%	603	575	5%
Depreciation of plant and equipment – administrative expenses	84	93	-10%	363	365	-1%
Amortisation of intangible assets – other expenses	140	140	0%	561	561	0%
Amortisation of intangible assets – administrative expenses	13	19	-32%	64	71	-10%
Interest income	(128)	(96)	33%	(446)	(364)	23%
Loss/(gain) on exchange differences, net	1	(41)	NM	54	(15)	NM
Gain on disposal of plant and equipment	(13)	-	NM	(37)	(2)	NM
Plant and equipment written-off	1	-	NM	38	4	NM
(Write back of)/allowance for doubtful debts, net	(6)	8	NM	10	8	25%
Provisions/(write-back of) provisions/accruals	8	-	NM	(2)	-	NM
Profit guarantee from vendors ⁽¹⁾ of subsidiaries acquired	(21)	(159)	-87%	(21)	(159)	-87%

NM – Not meaningful

(1) Vendors refer to the previous shareholders of JL Medical (Bukit Batok) Pte. Ltd., JL Medical (Sembawang) Pte. Ltd., JL Medical (Woodlands) Pte. Ltd. and JL Medical (Yew Tee) Pte. Ltd. (collectively, "JLM Companies") prior to 1 December 2016.

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	
	31 December 2018 (Unaudited) S\$'000	31 December 2017 (Restated) S\$'000	1 January 2017 (Restated) S\$'000	31 December 2018 (Unaudited) S\$'000	31 December 2017 (Audited) S\$'000
ASSETS					
Non-current assets					
Plant and equipment	3,735	3,894	3,967	53	86
Intangible assets	38,182	38,766	39,111	1	3
Investment in subsidiaries	-	-	-	48,386	48,386
Investment in associate	220	-	-	-	-
Deferred tax assets	-	11	30	-	-
	42,137	42,671	43,108	48,440	48,475
Current assets					
Inventories	1,115	1,177	1,218	-	-
Trade and other receivables	2,984	2,505	2,171	13,159	4,171
Prepayments	190	202	176	14	16
Current tax assets	43	223	103	-	-
Cash and cash equivalents	27,105	24,824	20,376	7,943	11,048
	31,437	28,931	24,044	21,116	15,235
TOTAL ASSETS	73,574	71,602	67,152	69,556	63,710
EQUITY AND LIABILITIES					
Equity					
Share capital	59,673	59,673	59,673	59,673	59,673
Other reserves	(3,012)	(3,039)	(3,572)	-	-
Retained earnings	10,196	9,442	4,689	9,512	3,763
Equity attributable to owners of Company	66,857	66,076	60,790	69,185	63,436
Non-controlling interests	745	309	(31)	-	-
TOTAL EQUITY	67,602	66,385	60,759	69,185	63,436
LIABILITIES					
Non-current liabilities					
Provisions	224	208	198	20	20
Deferred tax liabilities	564	684	761	-	-
	788	892	959	20	20
Current liabilities					
Trade and other payables	4,184	3,475	4,919	320	234
Current income tax payable	1,000	850	515	31	20
	5,184	4,325	5,434	351	254
TOTAL LIABILITIES	5,972	5,217	6,393	371	274
TOTAL EQUITY AND LIABILITIES	73,574	71,602	67,152	69,556	63,710

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

Amount repayable in one year or less, or on demand

None.

Amount repayable after one year

None.

Details of any collateral

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

	Group 3 Months Ended		Group 12 Months Ended	
	31 December 2018 (Unaudited) S\$'000	31 December 2017 (Unaudited) S\$'000	31 December 2018 (Unaudited) S\$'000	31 December 2017 (Audited) S\$'000
Cash flows from operating activities				
Profit before income tax	3,178	2,747	11,193	10,079
Adjustments for:				
(Write back of)/allowance for doubtful debts, net	(6)	8	10	8
Depreciation of plant and equipment	232	247	966	940
Amortisation of intangible assets	153	159	625	632
Plant and equipment written-off	1	-	38	4
Gain on disposal of plant and equipment	(13)	-	(37)	(2)
Provisions/(write-back of) provisions/accruals	8	-	(2)	-
Interest income	(128)	(96)	(446)	(364)
Interest expense	1	3	4	7
Share of results of associate	19	-	30	-
Operating cash flows before working capital changes	3,445	3,068	12,381	11,304
Working capital changes:				
- Inventories	29	47	62	41
- Trade and other receivables	(164)	107	(481)	(348)
- Prepayments	68	(25)	12	(26)
- Trade and other payables	794	272	798	(645)
Cash generated from operations	4,172	3,469	12,772	10,326
Income tax paid	(516)	(532)	(2,279)	(2,037)
Net cash from operating activities	3,656	2,937	10,493	8,289

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	Group 3 Months Ended		Group 12 Months Ended	
	31 December 2018 (Unaudited) S\$'000	31 December 2017 (Unaudited) S\$'000	31 December 2018 (Unaudited) S\$'000	31 December 2017 (Audited) S\$'000
Investing activities				
Purchase of plant and equipment	(299)	(250)	(884)	(681)
Purchase of intangible assets	(3)	(9)	(7)	(34)
Proceeds from disposal of plant and equipment	-	4	24	18
Subscription of shares in associate ⁽¹⁾	-	-	(250)	-
Interest received	127	89	434	370
Net cash used in investing activities	(175)	(166)	(683)	(327)
Financing activities				
Dividends paid to shareholders	-	-	(7,653)	(3,154)
Dividends paid to vendors ⁽²⁾	-	-	-	(932)
Subscription of shares in subsidiaries by non-controlling interests	-	-	170	285
Proceeds from disposal of shares in subsidiaries to non-controlling interest without a change in control	-	98	-	98
Net cash from/(used in) financing activities	-	98	(7,483)	(3,703)
Net increase in cash and cash equivalents	3,481	2,869	2,327	4,259
Cash and cash equivalents at beginning of financial period	23,658	21,770	24,824	20,376
Effects of exchange rate changes on cash and cash equivalents	(34)	185	(46)	189
Cash and cash equivalents at end of financial period	27,105	24,824	27,105	24,824

(1) In August 2018, the Company, through its wholly-owned subsidiary, JL Medical (Bukit Batok) Pte. Ltd., subscribed for 250,000 ordinary shares (representing 25% shareholding interest) in I Medical & Aesthetics Pte. Ltd. ("I Medical & Aesthetics") at an aggregate amount of S\$250,000.

(2) Vendors refer to the previous shareholders of JLM Companies prior to 1 December 2016.

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

Statements of Changes in Equity

	Attributable to owners of the company							
	Share capital	Foreign currency translation reserve	Merger reserve	Capital 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
Group (Unaudited) (Restated)								
At 1 January 2018								
As previously reported	59,673	(1,233)	(3,572)	31	11,177	66,076	309	66,385
Effect of adoption of SFRS(I)	-	1,735	-	-	(1,735)	-	-	-
As restated	59,673	502	(3,572)	31	9,442	66,076	309	66,385
Profit for the financial period	-	-	-	-	6,079	6,079	162	6,241
Other comprehensive income								
Foreign currency translation	-	72	-	-	-	72	(4)	68
Total comprehensive income for the financial period	-	72	-	-	6,079	6,151	158	6,309
Transaction with owners of the Company								
Dividends	-	-	-	-	(7,653)	(7,653)	-	(7,653)
Total transaction with owners of the Company	-	-	-	-	(7,653)	(7,653)	-	(7,653)
Transaction with non-controlling interests								
Subscription of shares in subsidiaries by non-controlling interests ⁽¹⁾	-	-	-	-	-	-	170	170
Total transaction with non-controlling interests	-	-	-	-	-	-	170	170
At 30 September 2018	59,673	574	(3,572)	31	7,868	64,574	637	65,211

(1) In March 2018, ISEC (Sibu) Sdn. Bhd., a 55% owned indirect subsidiary of the Company, increased its share capital from S\$637,000 (equivalent to RM2,000,000) to S\$973,000 (equivalent to RM3,000,000) through issuance of shares allotted to the existing shareholders of the subsidiary in equal proportion to their existing shareholdings.

In August 2018, the Company, through its wholly-owned subsidiary, ISEC Global Pte. Ltd. ("ISEC Global"), incorporated ISEC Myanmar Company Limited ("ISEC Myanmar"), and 51% of the total shareholding is held by ISEC Global. The initial issued and paid-up share capital of ISEC Myanmar was S\$39,000 (equivalent to US\$28,500).

Statements of Changes in Equity

	Attributable to owners of the company							Non-controlling interests	Total equity
	Share capital	Foreign currency translation reserve	Merger reserve	Capital reserve	Retained earnings	Equity attributable to owners of the company			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		
Group (Unaudited) (Restated)									
At 1 October 2018	59,673	574	(3,572)	31	7,868	64,574	637	65,211	
Profit for the financial period	-	-	-	-	2,328	2,328	108	2,436	
Other comprehensive income									
Foreign currency translation	-	(45)	-	-	-	(45)	-	(45)	
Total comprehensive income for the financial period	-	(45)	-	-	2,328	2,283	108	2,391	
At 31 December 2018	59,673	529	(3,572)	31	10,196	66,857	745	67,602	

Statements of Changes in Equity

Group (Audited) (Restated)	Attributable to owners of the company							Total Equity S\$'000
	Share capital	Foreign currency translation reserve	Merger reserve	Capital reserve	Retained earnings	Equity attributable to owners of the company	Non- controlling interests	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
At 1 January 2017								
As previously reported	59,673	(1,735)	(3,572)	-	6,424	60,790	(31)	60,759
Effect of adoption of SFRS(I)	-	1,735	-	-	(1,735)	-	-	-
As restated	59,673	-	(3,572)	-	4,689	60,790	(31)	60,759
Profit for the financial period	-	-	-	-	5,799	5,799	7	5,806
Other comprehensive income								
Foreign currency translation	-	(52)	-	-	-	(52)	4	(48)
Total comprehensive income for the financial period	-	(52)	-	-	5,799	5,747	11	5,758
Transaction with owners of the Company								
Dividends	-	-	-	-	(3,154)	(3,154)	-	(3,154)
Total transaction with owners of the Company	-	-	-	-	(3,154)	(3,154)	-	(3,154)
Transaction with non-controlling interests								
Subscription of shares in subsidiaries by non-controlling interest ⁽¹⁾	-	-	-	-	-	-	285	285
Total transaction with non-controlling interests	-	-	-	-	-	-	285	285
At 30 September 2017	59,673	(52)	(3,572)	-	7,334	63,383	265	63,648
At 1 October 2017	59,673	(52)	(3,572)	-	7,334	63,383	265	63,648
Profit for the financial period	-	-	-	-	2,108	2,108	(29)	2,079
Other comprehensive income								
Foreign currency translation	-	554	-	-	-	554	6	560
Total comprehensive income for the financial period	-	554	-	-	2,108	2,662	(23)	2,639
Changes in ownership interest in subsidiaries								
Disposal of shares in subsidiaries to non-controlling interest without a change in control	-	-	-	31	-	31	67	98
Total transaction with owners of the Company	-	-	-	31	-	31	67	98
At 31 December 2017	59,673	502	(3,572)	31	9,442	66,076	309	66,385

(1) In January 2017, ISEC (Sibu) Sdn. Bhd., a 55% owned indirect subsidiary of the Company, had increased its share capital from S\$4,000 (equivalent to RM10,000) to S\$637,000 (equivalent to RM2,000,000) through issuance of shares allotted to the existing shareholders of the subsidiary in equal proportion to their existing shareholdings.

Statements of Changes in Equity

	Share capital S\$'000	Retained earnings S\$'000	Total Equity S\$'000
Company (Unaudited)			
At 1 January 2018	59,673	3,763	63,436
Profit for the financial period, representing total comprehensive income for the financial period	-	4,201	4,201
Transaction with owners of the Company			
Dividends	-	(7,653)	(7,653)
Total transaction with owners of the Company	-	(7,653)	(7,653)
At 30 September 2018	59,673	311	59,984
At 1 October 2018	59,673	311	59,984
Profit for the financial period, representing total comprehensive income for the financial period	-	9,201	9,201
At 31 December 2018	59,673	9,512	69,185
Company (Audited)			
At 1 January 2017	59,673	1,501	61,174
Profit for the financial period, representing total comprehensive income for the financial period	-	2,197	2,197
Transaction with owners of the Company			
Dividends	-	(3,154)	(3,154)
Total transaction with owners of the Company	-	(3,154)	(3,154)
At 30 September 2017	59,673	544	60,217
At 1 October 2017	59,673	544	60,217
Profit for the financial period, representing total comprehensive income for the financial period	-	3,219	3,219
At 31 December 2017	59,673	3,763	63,436

- 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

	Number of ordinary shares	Issued and paid-up share capital S\$
At 30 September 2018 and 31 December 2018	517,095,669	59,672,457

The Company did not have any outstanding options or convertibles as at 31 December 2018 and 31 December 2017. There have been no options and share awards granted pursuant to the Company's employee share options scheme and performance share plan.

There were also no treasury shares or subsidiary holdings as at 31 December 2018 and 31 December 2017.

- 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**

	<u>31 December 2018</u>	<u>31 December 2017</u>
Total number of issued shares	517,095,669	517,095,669

There were no treasury shares as at 31 December 2018 and 31 December 2017.

- 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 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.

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 current financial reporting period are consistent with those disclosed in the audited financial statements for the financial year ended 31 December 2017.

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

The Group has adopted all the applicable new and revised Financial Reporting Standards ("FRS") and Interpretations of Financial Reporting Standards ("INT FRS") that are mandatory for the accounting periods beginning on or after 1 January 2018.

The Group has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s) on 1 January 2018 and has prepared its first set of financial information under SFRS(I)s for the quarter ended 31 March 2018.

In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1: *First-time Adoption of Singapore Financial Reporting Standards (International)*. The Group's opening balance sheet under SFRS(I)s has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I)s.

Application of SFRS(I) 1

The Group has elected for the optional exemption in SFRS(I) to zeroise the cumulative foreign currency translation differences for foreign operations at the date of transition. The Group has reclassified an amount of S\$1,735,000 of foreign currency translation reserve to the opening retained earnings at 1 January 2017.

Adoption of SFRS(I)s

In addition, during the current financial year, the Group and the Company have adopted the following new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect from financial year beginning 1 January 2018:

- (i) SFRS(I) 9 Financial Instruments
- (ii) SFRS(I) 15 Revenue from Contracts with Customers
- (iii) SFRS(I) INT 22 Foreign currency transactions and advance consideration
- (iv) Amendments to SFRS(I) 2 Classification and Measurement of Share-Based Payment Transactions; and
- (v) Amendments to SFRS(I) 15 Clarifications to SFRS(I) 15 Revenue from Contracts with Customers

The adoption of these SFRS(I)s, amendments and interpretations of SFRS(I)s did not have any significant impact on the financial statements of the Group for the current financial period reported on.

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

	Group		Group	
	3 months ended		12 months ended	
	31 December 2018 (Unaudited)	31 December 2017 (Unaudited)	31 December 2018 (Unaudited)	31 December 2017 (Audited)
Earnings per share ("EPS")				
Profit attributable to owners of the parent (S\$'000)	2,328	2,108	8,407	7,907
Weighted average number of ordinary shares in issue	517,095,669	517,095,669	517,095,669	517,095,669
Basic and fully diluted basis (Singapore cents) ⁽¹⁾	0.45	0.41	1.63	1.53

(1) There were no potentially dilutive ordinary shares in existence during and as at the end of the respective financial periods.

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

	Group		Company	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Net asset value attributable to owners of the parent (S\$'000)	66,857	66,076	69,185	63,436
Number of ordinary shares in issue	517,095,669	517,095,669	517,095,669	517,095,669
Net asset value per ordinary share (S\$)	0.13	0.13	0.13	0.12

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.**

Review of comparative performance of the Group for the financial year ended 31 December 2018 ("FY2018") and 31 December 2017 ("FY2017").

Consolidated Statement of Comprehensive Income

Revenue

Revenue for FY2018 was S\$40.44 million, an increase of 9% from S\$36.98 million in FY2017, attributable to increased patient visits from the Group's specialised eye care services in Malaysia and Singapore.

Cost of sales

The increased cost of sales by 8%, or S\$1.49 million, to S\$20.98 million in FY2018 compared to that in FY2017 was generally in tandem with increased revenue.

Gross profit and gross profit margin

Gross profits increased by 11% to S\$19.46 million in FY2018 mainly due to increased revenue as explained above. The gross profit margin increased marginally to 48.1% in FY2018 from 47.3% in FY2017.

Administrative expenses

Administrative expenses increased by 11%, from S\$7.39 million in FY2017 to S\$8.17 million in FY2018, resulted from increased staff related-costs for the Group's operations in Malaysia and headquarters in Singapore, and other operating expenses driven by the increased business activities of the Group.

Other expenses

Other expenses increased by 17%, or S\$0.09 million, from S\$0.56 million in FY2017 to S\$0.66 million in FY2018, mainly due to foreign exchange loss of S\$0.05 million and plant and equipment written-off of S\$0.04 million recognised in FY2018.

Income tax expense

The effective tax rates of the Group in FY2017 and FY2018 were generally consistent at 22% in both years. The statutory corporate tax rates are 17% in Singapore and 24% in Malaysia.

Profit after tax

Net profit of the Group in FY2018 was S\$8.68 million, an increase of S\$0.79 million compared to S\$7.89 million in FY2017, mainly due to the above-mentioned factors.

Consolidated Statement of Financial Position

Non-current assets

Non-current assets decreased by S\$0.53 million to S\$42.14 million as at 31 December 2018 mainly due to:

- (i) decrease in intangible assets which was mainly due to amortisation expense on contractual relationship arising from the acquisition of ISEC Eye Pte. Ltd. and customer relationships arising from the acquisition of JLM Companies; and
- (ii) decrease in plant and equipment of S\$0.16 million which was mainly due to depreciation expenses amounting to S\$0.97 million, offset by plant and equipment addition of S\$0.83 million.

Current assets

Current assets increased by S\$2.51 million, mainly attributable to the increase in cash and cash equivalents as explained under the section "Consolidated Statement of Cash Flows" below.

The increase in trade and other receivables was mainly due to increased trade receivables in line with

increased revenue from FY2017 to FY2018.

Current liabilities

Current liabilities increased by S\$0.86 million, attributable to increased trade and other payables by S\$0.71 million, mainly due to increased purchases in line with increased business activities, as well as increased current income tax provision with increased operating profits of the Group.

Consolidated Statement of Cash Flows

As at 31 December 2018, the Group had cash and cash equivalents of S\$27.11 million, as compared to S\$24.82 million as at 31 December 2017.

Cash flows from operating activities

In FY2018, net cash flows from operating activities was recorded at S\$10.49 million. This comprised operating cash flows before working capital changes of S\$12.38 million and changes in net working capital inflow of S\$0.39 million, less income tax paid of S\$2.28 million.

Cash flows used in investing activities

Net cash used in investing activities in FY2018 amounted to S\$0.68 million. The Group had subscribed for a 25% shareholding in I Medical & Aesthetics at an aggregate amount of S\$0.25 million in August 2018. The Group had also purchased fixed assets amounting to S\$0.89 million. The outflow was offset by interest income received of S\$0.43 million.

Cash flows used in financing activities

Net cash used in financing activities was S\$7.48 million in FY2018. S\$7.65 million of dividends were paid to shareholders of the Company, offset by additional capital injection of S\$0.15 million and capital injection of S\$0.02 million by the non-controlling interests in the Company's 55% owned indirect subsidiary, ISEC (Sibu) Sdn. Bhd. and 51% owned indirect subsidiary, ISEC Myanmar, respectively.

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

No forecast or prospect statement has been previously disclosed to shareholders.

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

The region's aging population as well as increasing awareness about the benefits of seeking early treatment for ophthalmology issues will continue to drive demand for the specialised services that we provide.

With the incorporation of ISEC Myanmar together with three other independent third parties, the Group is focused on penetrating into the markets in Myanmar. ISEC Myanmar is incorporated to operate and administer ophthalmology centres, providing medical consultations and services in Myanmar. As announced on 12 November 2018, ISEC Myanmar has obtained the approval from the Myanmar Investment Commission's ("MIC") for the joint venture to operate and administer ophthalmology centres in Myanmar. ISEC Myanmar will be proceeding to make applications to the various governmental departments for licences and registrations, including the Ministry of Health in Myanmar, for a private clinic licence. ISEC Myanmar is expected to commence operations in the second quarter of 2019.

The Group continues to seek suitable opportunities in the markets in China, Indonesia, Myanmar and Vietnam, while we strengthen our existing presence in our core markets of Singapore and Malaysia. The Company will also continue to pursue investment opportunities which are in line with the Group's business strategies as and when they arise.

As our Malaysia operations contributed a significant portion of the Group's revenue, the revenue from Malaysia operations translated to Singapore Dollar will be impacted by foreign exchange movements as the presentation currency of the Group is in Singapore Dollar. We will continue to monitor the impact of the movement of the Malaysian Ringgit on the Singapore Dollar.

11. Dividend

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

Yes.

(b) (i) Amount per share (cents)

Name of dividend	Final Dividend
Dividend type	Cash
Dividend rate	0.78 Singapore cents (S\$0.0078) per ordinary share
Tax rate	Tax exempt (one-tier)

Name of dividend	Special Dividend
Dividend type	Cash
Dividend rate	0.98 Singapore cents (S\$0.0098) per ordinary share
Tax rate	Tax exempt (one-tier)

A first interim cash dividend (tax exempt one-tier) of 0.78 Singapore cents (S\$0.0078) per ordinary share was declared for the 3 months ended 30 June 2018 and paid on 28 August 2018.

(ii) Previous corresponding period (cents)

Name of dividend	Final Dividend
Dividend type	Cash
Dividend rate	0.7 Singapore cents (S\$0.007) per ordinary share
Tax rate	Tax exempt (one-tier)

A first interim cash dividend (tax exempt one-tier) of 0.5 Singapore cents (S\$0.005) per ordinary share was declared for the 3 months ended 30 June 2017.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

The proposed final dividend and special dividend are tax exempt (one-tier) dividends.

(d) The date the dividend is payable.

The proposed final dividend and special dividend are subject to the approval of shareholders at the forthcoming annual general meeting of the Company (“AGM”). The dividends will be paid on 10 May 2019 if approved by shareholders.

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

Subject to the approval of shareholders at the forthcoming AGM, the Share Transfer Books and Register of Members of the Company will be closed at 5:00 p.m. on 3 May 2019 for the purpose of determining shareholders’ entitlements to both the proposed final tax exempt (one-tier) dividend and proposed special tax exempt (one-tier) dividend in respect of the financial year ended 31 December 2018 (“Proposed Dividends”).

Duly completed registrable transfers received by the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 3 May 2019 will be registered to determine shareholders’ entitlements to the Proposed Dividends. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with the Company’s shares at 5.00 p.m. on 3 May 2019 will be entitled to the Proposed Dividends.

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 Company did not obtain a general mandate from shareholders for IPTs.

There was no IPT of S\$100,000 and above for the fourth quarter ended 31 December 2018 and FY2018.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

- 14. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer’s most recent audited annual financial statements, with comparative information for the immediately preceding year.**

Business segments

The Group has two reportable segments as described below.

- Specialised health services: provision of medical care, consultancy, treatment and surgery in the field of ophthalmology only
- General health services: provision of general medical services

	12 Months Ended	
	31 December 2018 S\$'000	31 December 2017 S\$'000
Segment revenue		
Specialised health services	36,426	32,955
General health services	4,018	4,021
Total	<u>40,444</u>	<u>36,976</u>
Segment profit after tax		
Specialised health services	7,614	6,986
General health services	1,063	899
Total	<u>8,677</u>	<u>7,885</u>

Geographical segments

The Group operates in Singapore and Malaysia. As at 31 December 2018, the business in Myanmar had not commenced.

	12 Months Ended	
	31 December 2018 S\$'000	31 December 2017 S\$'000
Segment revenue		
Singapore	9,422	9,016
Malaysia	31,022	27,960
Myanmar	_(1)	_(1)
Total	40,444	36,976
Segment profit/(loss) after tax		
Singapore	2,384	2,374
Malaysia	6,320	5,511
Myanmar	(27) ⁽²⁾	-
Total	8,677	7,885

(1) ISEC Myanmar was incorporated in August 2018, and it had yet commenced operations as at 31 December 2018.

(2) The losses after tax for Myanmar is attributable to start-up costs of ISEC Myanmar, such as license applications.

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

Performance by business segments

Specialised health services:

Please refer to Paragraph 8.

General health services:

Revenue from general health services has been generally consistent in both FY2017 and FY2018.

Profit after tax increased by S\$0.16 million, from S\$0.90 million in FY2017 to S\$1.06 million in FY2018, mainly due to reduced operating costs.

Performance by geographical segments

Singapore operations:

The increase in revenue and profit after tax for Singapore operations were mainly due to increased procedures performed in specialised health services.

Malaysia operations:

For Malaysia operations, the increase in revenue and profit after tax were mainly due to an increase in number of patient visits for our Malaysia operations.

Myanmar operations:

Our business operations in Myanmar have not yet commenced. Hence, no revenue were recorded in FY2018.

16. Breakdown of sales in the first half and second half of the financial year

	Group		
	12 Months Ended		Increase
	31 December 2018	31 December 2017	
	(Unaudited)	(Unaudited)	
	S\$'000	S\$'000	%
Sales reported for first half year	20,044	17,710	13%
Operating profit after tax before deducting non-controlling interests reported for first half year	4,414	3,614	22%
Sales reported for second half year	20,400	19,266	6%
Operating profit after tax before deducting non-controlling interests reported for second half year	4,263	4,271	0%

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	FY2018 (Unaudited) S\$'000	FY2017 (Audited) S\$'000
Ordinary-Interim	4,033 ⁽¹⁾	2,585
Ordinary-Final	4,033 ⁽²⁾	3,620
Special	5,068 ⁽²⁾	-
Preference	-	-
Total	13,134	6,205

⁽¹⁾ Comprised the first interim cash dividend declared for the 3 months ended 30 June 2018, further details of which are contained in Paragraph 11(b)(i).

⁽²⁾ The proposed final cash dividend (tax exempt one-tier) of 0.78 Singapore cents (S\$0.0078) per ordinary share and special cash dividend (tax exempt one-tier) of 0.98 Singapore cents (S\$0.0098) per ordinary share of the Company will be subject to approval by shareholders at the forthcoming AGM to be convened.

18. Disclosure of person 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(10) in the format below. If there are no such persons, the issuer must take an appropriate negative statement.

Save as disclosed below, the Company confirms that there is no 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 as at the date of this announcement.

Name	Age	Family relationship with any director, chief executive officer and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Dr Lee Yeng Fen	53	Spouse of Dr Lee Hung Ming, Executive Vice Chairman and controlling shareholder of ISEC Healthcare Ltd.	Group Medical Director, JLM Companies (2016)	None

19. 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 undertakings have been procured from the Board of Directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

20. Use of IPO proceeds

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

	<u>Amount allocated S\$'000</u>	<u>Amount allocated pursuant to reallocation of unutilised listing expenses S\$'000</u>	<u>Amount utilised S\$'000</u>	<u>Balance S\$'000</u>
Business expansion in the Asia Pacific region (including Malaysia and Singapore)	13,800	300	(13,041) ⁽¹⁾	1,059
General working capital	2,500	-	(2,500) ⁽²⁾	-
Total	16,300	300	(15,541)	1,059

ISEC HEALTHCARE LTD.

(Company Registration No.201400185H)

- (1) Utilised for the acquisition of Southern Specialist Eye Centre Sdn. Bhd. (“SSEC”) and JLM Companies, joint venture into ISEC Myanmar and subscription of shares in I Medical & Aesthetics:

	Acquisition of SSEC	Acquisition of the JLM Companies	Joint venture into ISEC Myanmar	Subscription of shares in I Medical & Aesthetics	Total
	(\$\$'000)	(\$\$'000)	(\$\$'000)	(\$\$'000)	(\$\$'000)
Cash consideration	5,204	6,971	140	250	12,565
Administrative expenses	122	268	85	1	476
Total	5,326	7,239	225	251	13,041

- (2) Utilised for general working capital:

	\$\$'000
Cost of sales	1,028
Administrative expenses	1,378
Selling and distribution expenses	94
	<u>2,500</u>

BY ORDER OF THE BOARD

Dr Wong Jun Shyan
Executive Director and Chief Executive Officer
26 February 2019

This announcement has been prepared by the Company and its contents have been reviewed by the sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor”) for compliance with the Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.

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

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).