

ISEC HEALTHCARE LTD.

(Company Registration No.201400185H)

**Unaudited Financial Statement and Dividend Announcement
For the First Quarter Ended 31 March 2019**

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 3 Months Ended | | Change % |
|--|---|---|-------------|
| | 31 March 2019 (Unaudited) S\$'000 | 31 March 2018 (Unaudited) S\$'000 | |
| Revenue | 9,936 | 9,625 | 3% |
| Cost of sales | (5,089) | (4,989) | 2% |
| Gross profit | 4,847 | 4,636 | 5% |
| Other item of income | | | |
| Other income | 227 | 157 | 45% |
| Other items of expense | | | |
| Selling and distribution expenses | (7) | (7) | 0% |
| Administrative expenses | (2,006) | (1,920) | 4% |
| Other expenses | (142) | (140) | 1% |
| Finance costs | (73) | (2) | NM |
| Share of results of associate | (15) | - | NM |
| Profit before income tax | 2,831 | 2,724 | 4% |
| Income tax expense | (610) | (579) | 5% |
| Profit for the financial period | 2,221 | 2,145 | 4% |
| Other comprehensive income | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | |
| Foreign currency translation of subsidiaries | 152 | 755 | -80% |
| Other comprehensive income for the financial period, net of tax | 152 | 755 | -80% |
| Total comprehensive income for the financial period | 2,373 | 2,900 | -18% |

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| | Group | | |
|--|-----------------------|----------------------|---------------|
| | 3 Months Ended | | |
| | 31 March 2019 | 31 March 2018 | Change |
| | (Unaudited) | (Unaudited) | |
| | S\$'000 | S\$'000 | % |
| Profit attributable to: | | | |
| Owners of the Company | 2,215 | 2,099 | 6% |
| Non-controlling interests | 6 | 46 | -87% |
| Profit for the financial period | 2,221 | 2,145 | 4% |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | 2,362 | 2,843 | -17% |
| Non-controlling interests | 11 | 57 | -81% |
| Total comprehensive income for the financial period | 2,373 | 2,900 | -18% |

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 | | Change |
|---|-----------------------|----------------------|---------------|
| | 3 Months Ended | | |
| | 31 March 2019 | 31 March 2018 | |
| | (Unaudited) | (Unaudited) | |
| | S\$'000 | S\$'000 | % |
| Depreciation of plant and equipment - cost of sales | 143 | 152 | -6% |
| Depreciation of plant and equipment - cost of sales (right-of-use assets) | 93 | - | NM |
| Depreciation of plant and equipment – administrative expenses | 87 | 93 | -6% |
| Depreciation of plant and equipment – administrative expenses (right-of-use assets) | 295 | - | NM |
| Amortisation of intangible assets – other expenses | 140 | 140 | 0% |
| Amortisation of intangible assets – administrative expenses | 16 | 17 | -6% |
| Interest income | (136) | (96) | 42% |
| Gain on exchange differences - net | (66) | (17) | NM |
| Gain on disposal of plant and equipment | - | (24) | -100% |
| (Write back of)/allowance for doubtful debts, net | (1) | 30 | NM |

NM – Not meaningful

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 March 2019 (Unaudited) S\$'000 | 31 December 2018 (Audited) S\$'000 | 31 March 2019 (Unaudited) S\$'000 | 31 December 2018 (Audited) S\$'000 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Plant and equipment | 3,686 | 3,735 | 46 | 53 |
| Right-of-use assets | 4,902 | - | 96 | - |
| Intangible assets | 38,117 | 38,182 | 1 | 1 |
| Investment in subsidiaries | - | - | 48,386 | 48,386 |
| Investment in associate | 205 | 220 | - | - |
| Net investment of sublease | 226 | - | - | - |
| Deferred tax assets | 29 | - | - | - |
| | 47,165 | 42,137 | 48,529 | 48,440 |
| Current assets | | | | |
| Inventories | 1,244 | 1,115 | - | - |
| Trade and other receivables | 3,380 | 2,984 | 10,969 | 13,159 |
| Prepayments | 165 | 190 | 19 | 14 |
| Net investment of sublease | 58 | - | - | - |
| Tax receivable | 43 | 43 | - | - |
| Cash and cash equivalents | 28,599 | 27,105 | 9,853 | 7,943 |
| | 33,489 | 31,437 | 20,841 | 21,116 |
| TOTAL ASSETS | 80,654 | 73,574 | 69,370 | 69,556 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Share capital | 59,673 | 59,673 | 59,673 | 59,673 |
| Treasury share reserve | (105) | - | (105) | - |
| Other reserves | (2,865) | (3,012) | - | - |
| Retained earnings | 12,245 | 10,196 | 9,414 | 9,512 |
| Equity attributable to owners of Company | 68,948 | 66,857 | 68,982 | 69,185 |
| Non-controlling interests | 974 | 745 | - | - |
| TOTAL EQUITY | 69,922 | 67,602 | 68,982 | 69,185 |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| Provisions | 161 | 224 | 20 | 20 |
| Lease liabilities | 3,978 | - | 30 | - |
| Deferred tax liabilities | 522 | 564 | - | - |
| | 4,661 | 788 | 50 | 20 |
| Current liabilities | | | | |
| Trade and other payables | 3,395 | 4,184 | 251 | 320 |
| Lease liabilities | 1,483 | - | 69 | - |
| Current income tax payable | 1,193 | 1,000 | 18 | 31 |
| | 6,071 | 5,184 | 338 | 351 |
| TOTAL LIABILITIES | 10,732 | 5,972 | 388 | 371 |
| TOTAL EQUITY AND LIABILITIES | 80,654 | 73,574 | 69,370 | 69,556 |

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

Amount repayable in one year or less, or on demand

| As at 31 March 2019 | | As at 31 December 2018 | |
|---------------------|----------------------|------------------------|----------------------|
| Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| - | 1,483 ⁽¹⁾ | - | - |

Amount repayable after one year

| As at 31 March 2019 | | As at 31 December 2018 | |
|---------------------|----------------------|------------------------|----------------------|
| Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| - | 3,978 ⁽¹⁾ | - | - |

(1) As a result of adoption of SFRS(I) 16 *Leases* on 1 January 2019. Please refer to Section 5 for details.

Details of any collateral

Not applicable. The Group did not have any secured borrowings or debts securities as at 31 March 2019 and 31 December 2018.

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 | |
| | 31 March 2019 (Unaudited) S\$'000 | 31 March 2018 (Unaudited) S\$'000 |
| Cash flows from operating activities | | |
| Profit before income tax | 2,831 | 2,724 |
| Adjustments for: | | |
| (Write-back of)/allowance for doubtful debts, net | (1) | 30 |
| Amortisation of intangible assets | 156 | 157 |
| Depreciation of plant and equipment | 618 | 245 |
| Interest income | (136) | (96) |
| Interest expense | 73 | 2 |
| Gain on disposal of plant and equipment | - | (24) |
| Share of results in associate | 15 | - |
| Operating cash flows before working capital changes | 3,556 | 3,038 |
| Working capital changes: | | |
| - Inventories | (129) | (36) |
| - Trade and other receivables | (386) | (544) |
| - Prepayments | 25 | 15 |
| - Trade and other payables | (730) | (239) |
| Cash generated from operations | 2,336 | 2,234 |
| Income tax paid | (442) | (335) |
| Net cash from operating activities | 1,894 | 1,899 |

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| | Group | |
|---|-----------------------|----------------------|
| | 3 Months Ended | |
| | 31 March 2019 | 31 March 2018 |
| | (Unaudited) | (Unaudited) |
| | S\$'000 | S\$'000 |
| Cash flows from investing activities | | |
| Proceeds from disposal of plant and equipment | - | 24 |
| Purchase of plant and equipment | (213) | (224) |
| Interest received | 124 | 88 |
| Net cash used in investing activities | (89) | (112) |
| Cash flows from financing activities | | |
| Purchase of treasury shares | (105) | - |
| Subscription of shares in subsidiaries by non-controlling interests | 247 | 151 |
| Principal element of lease liabilities | (421) | - |
| Interest paid | (69) | - |
| Net cash (used in) / from financing activities | (348) | 151 |
| Net increase in cash and cash equivalents | 1,457 | 1,938 |
| Cash and cash equivalents at beginning of financial period | 27,105 | 24,824 |
| Effects of exchange rate changes on cash and cash equivalents | 37 | 263 |
| Cash and cash equivalents at end of financial period | 28,599 | 27,025 |

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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

| Group (Unaudited) (Restated) | Attributable to owners of the company | | | | | | | Non- controlling interests | Total equity |
|--|---------------------------------------|---------------------------|---|-------------------|--------------------|----------------------|---|----------------------------------|---------------|
| | Share capital | Treasury share reserve | 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 | | |
| At 1 January 2019 | | | | | | | | | |
| As previously reported | 59,673 | - | 529 | (3,572) | 31 | 10,196 | 66,857 | 745 | 67,602 |
| Effect of adoption of SFRS(I) 16 | - | - | - | - | - | (166) | (166) | (29) | (195) |
| As restated | 59,673 | - | 529 | (3,572) | 31 | 10,030 | 66,691 | 716 | 67,407 |
| Profit for the financial period | - | - | - | - | - | 2,215 | 2,215 | 6 | 2,221 |
| Other comprehensive income | | | | | | | | | |
| Foreign currency translation | - | - | 147 | - | - | - | 147 | 5 | 152 |
| Total comprehensive income for the financial period | - | - | 147 | - | - | 2,215 | 2,362 | 11 | 2,373 |
| Transaction with owners of the Company | | | | | | | | | |
| Purchase of treasury shares | - | (105) | - | - | - | - | (105) | - | (105) |
| Total transaction with owners of the Company | - | (105) | - | - | - | - | (105) | - | (105) |
| Transaction with non-controlling interests | | | | | | | | | |
| Subscription of shares in subsidiary by non-controlling interests ⁽¹⁾ | - | - | - | - | - | - | - | 247 | 247 |
| Total transaction with non-controlling interests | - | - | - | - | - | - | - | 247 | 247 |
| At 31 March 2019 | 59,673 | (105) | 676 | (3,572) | 31 | 12,245 | 68,948 | 974 | 69,922 |

(1) In January 2019 and February 2019, ISEC Myanmar Company Limited ("ISEC Myanmar"), a 51% owned indirect subsidiary of the Company, has undertaken two rounds of share capital injection, resulting in an increase from S\$39,000 (equivalent to US\$28,500) to S\$542,000 (equivalent to US\$400,000), through issuance of shares allotted to the existing shareholders of the subsidiary in equal proportion to their existing shareholdings.

Statements of Changes in Equity

| | Attributable to owners of the parent | | | | | | 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 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 | - | - | - | - | 2,099 | 2,099 | 46 | 2,145 |
| Other comprehensive income | | | | | | | | |
| Foreign currency translation | - | 744 | - | - | - | 744 | 11 | 755 |
| Total comprehensive income for the financial period | - | 744 | - | - | 2,099 | 2,843 | 57 | 2,900 |
| Transaction with non-controlling interests | | | | | | | | |
| Subscription of shares in subsidiary by non-controlling interests ⁽¹⁾ | - | - | - | - | - | - | 151 | 151 |
| Total transaction with non-controlling interests | - | - | - | - | - | - | 151 | 151 |
| At 31 March 2018 | 59,673 | 1,246 | (3,572) | 31 | 11,541 | 68,919 | 517 | 69,436 |

(1) In March 2018, ISEC (Sibu) Sdn. Bhd., a 55% owned indirect subsidiary of the Company, has 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.

Statements of Changes in Equity

| | Share capital S\$'000 | Treasury share reserve S\$'000 | Retained earnings S\$'000 | Total equity S\$'000 |
|---|--------------------------|--------------------------------------|---------------------------------|-------------------------|
| Company (Unaudited) | | | | |
| At 1 January 2019 | | | | |
| As previously reported | 59,673 | - | 9,512 | 69,185 |
| Effect of adoption of SFRS(I) 16 | - | - | (3) | (3) |
| As restated | 59,673 | - | 9,509 | 69,182 |
| Loss for the financial period, representing total comprehensive income for the financial period | - | - | (95) | (95) |
| Transaction with owners of the Company | | | | |
| Purchase of treasury shares | - | (105) | - | (105) |
| Total transaction with owners of the Company | - | (105) | - | (105) |
| At 31 March 2019 | 59,673 | (105) | 9,414 | 68,982 |
| At 1 January 2018 | | | | |
| | 59,673 | - | 3,763 | 63,436 |
| Loss for the financial period, representing total comprehensive income for the financial period | - | - | (97) | (97) |
| At 31 March 2018 | 59,673 | - | 3,666 | 63,339 |

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.

Issued Share Capital

| | Number of ordinary shares | Issued and paid- up share capital S\$ |
|---|------------------------------|---|
| At 31 December 2018 | 517,095,669 | 59,672,457 |
| Shares purchased pursuant to share buyback mandate and held as treasury shares | (386,400) | - |
| At 31 March 2019 | 516,709,269 | 59,672,457 |

Outstanding Convertibles

The Company did not have any outstanding options or convertibles as at 31 March 2019 and 31 March 2018. There have been no options and share awards granted pursuant to the Company's employee share options scheme and performance share plan.

Treasury Shares

There were 386,400 treasury shares representing 0.075% of the Company's 516,709,269 ordinary shares (excluding treasury shares) as at 31 March 2019. There were no treasury shares as at 31 March 2018.

Subsidiary Holdings

There were no subsidiary holdings as at 31 March 2019 and 31 March 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

| | 31 March 2019 | 31 December 2018 |
|---|---------------|------------------|
| Total number of issued shares (excluding treasury share) | 516,709,269 | 517,095,669 |

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.

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 2018.

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 accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for the financial period beginning on or after 1 January 2019. On the adoption of SFRS(I) 16 *Leases*, the Group has recognised right-of-use assets of S\$4.58 million, net investment in sublease of S\$0.30 million and lease liabilities of S\$5.18 million for its leases previously classified as operating leases, with corresponding decrease in the opening retained earnings of S\$0.17 million and its related tax impact as of 1 January 2019.

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

| Earnings per share ("EPS") | Group | |
|---|----------------|---------------|
| | 3 months ended | |
| | 31 March 2019 | 31 March 2018 |
| | (Unaudited) | (Unaudited) |
| Profit attributable to owners of the parent (S\$'000) | 2,215 | 2,099 |
| Weighted average number of ordinary shares in issue (excluding treasury shares) | 516,791,149 | 517,095,669 |
| Basic and fully diluted basis (Singapore cents) ⁽¹⁾ | 0.43 | 0.41 |

(1) There were no potentially dilutive ordinary shares in existence during 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 March 2019 | 31 December 2018 | 31 March 2019 | 31 December 2018 |
| | (Unaudited) | (Audited) | (Unaudited) | (Audited) |
| Net asset value attributable to owners of the parent (S\$'000) | 68,948 | 66,857 | 68,982 | 69,185 |
| Number of ordinary shares in issue (excluding treasury shares) | 516,709,269 | 517,095,669 | 516,709,269 | 517,095,669 |
| Net asset value per ordinary share (S\$) | 0.13 | 0.13 | 0.13 | 0.13 |

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 3 months ended 31 March 2019 ("1Q2019") and 31 March 2018 ("1Q2018").

Consolidated Statement of Comprehensive Income

Revenue

Revenue for 1Q2019 was S\$9.94 million, an increase of 3% from S\$9.63 million in 1Q2018. This was mainly attributable to increased business activities from the Group's specialised health services in both Malaysia and Singapore.

Cost of sales

Cost of sales increased by 2%, or S\$0.10 million, to S\$5.09 million in 1Q2019 in tandem with increased revenue.

Gross profit and gross profit margin

Gross profit increased by 5% to S\$4.85 million in 1Q2019 due to factors mentioned above. The gross profit margin, were generally consistent at 48.2% in 1Q2018 to 48.8% in 1Q2019.

Other income

Other income increased by 45%, from S\$0.16 million in 1Q2018 to S\$0.23 million in 1Q2019, mainly due to increased interest income of S\$0.04 million from the Group's fixed deposits with financial institutions and an increased exchange gain recognised, from S\$0.02 million in 1Q2018, to S\$0.07 million in 1Q2019.

Administrative expenses

Administrative expenses increased by 4% to S\$2.01 million in 1Q2019, mainly due to increased staff related-costs across the Group and other operating expenses, which was driven by the increased business activities of the Group.

Depreciation expenses

Depreciation expenses increased by S\$0.37 million from S\$0.25 million in 1Q2018 to S\$0.62 million in 1Q2019 mainly due to the depreciation charge on right-of-use assets of S\$0.39 million arising from the adoption of SFRS(I) 16.

Finance costs

Finance costs increased by S\$0.07 million in 1Q2019 compared to that in 1Q2018 arising from the recognition of lease liabilities from the adoption of SFRS(I) 16.

Income tax expense

The effective tax rates of the Group in 1Q2018 and 1Q2019 remained relatively consistent at 21% and 22% respectively. The statutory corporate tax rates are 17% in Singapore, 24% in Malaysia and 25% in Myanmar. No tax expense or credit has been recognised for ISEC Myanmar as business has yet to commence.

Profit after tax

Net profit of the Group in 1Q2019 was S\$2.22 million, an increase of S\$0.07 million compared to S\$2.15 million in 1Q2018, mainly due to the above mentioned factors.

Consolidated Statement of Financial Position

Non-current assets

Non-current assets increased by S\$5.03 million to S\$47.17 million as at 31 March 2019 mainly due to the recognition of right-of-use assets of S\$4.90 million and net investment of sublease of S\$0.23 million, arising from the adoption of SFRS(I) 16. Right-of-use assets comprise rental of clinic and office premises, as well as rental of medical equipment. Net investment in sublease relates to the co-sharing of a clinic premise with a third party.

Current assets

Current assets increased by S\$2.05 million mainly attributable to increased trade receivables of S\$0.40 million and cash and cash equivalents of S\$1.49 million, as a result of increased revenue, as well increased inventories of S\$0.13 million for an expected increase in business activities.

Non-current liabilities

Non-current liabilities increased by S\$3.87 million to S\$4.66 million as at 31 March 2019 mainly due to recognition of lease liabilities of S\$3.98 million arising from the adoption of SFRS(I) 16, relating to future rental payment of medical equipment, clinic and office premises for period more than 12 months.

Current liabilities

Current liabilities increased by S\$0.89 million to S\$6.07 million as at 31 March 2019, due to recognition of lease liabilities of S\$1.48 million arising from the adoption of SFRS(I) 16, relating to future rental payment of medical equipment, clinic and office premises within the next 12 months, offset by decrease in trade and other payables of S\$0.79 million mainly due to payment made to suppliers and bonus payout to staff.

Consolidated Statement of Cash Flows

As at 31 March 2019, the Group had cash and cash equivalents of S\$28.60 million, as compared to S\$27.03 million of cash and cash equivalents as at 31 March 2018.

Cash flows from operating activities

In 1Q2019, net cash flows from operating activities was S\$1.89 million. This comprised operating cash flows before working capital changes of S\$3.56 million, less income tax paid of S\$0.44 million and changes in working capital outflow of S\$1.22 million, which was mainly due to decreased trade and other payables from payment made to suppliers and bonus payout to staff, increase in trade and other receivables which was in tandem with increased revenue, and increased inventories with expected increase in business activities.

Cash flows used in investing activities

Net cash used in investing activities in 1Q2019 amounted to S\$0.09 million mainly due to purchase of fixed assets amounting to S\$0.21 million largely by Malaysia and Myanmar operations, offset by interest income received of S\$0.12 million.

Cash flows used in financing activities

Net cash used in financing activities was S\$0.30 million in 1Q2019, due to the repayment of lease liabilities and its corresponding finance costs of S\$0.49 million in aggregate, and share buyback of S\$0.1 million. The outflow was offset by cash inflow of S\$0.25 million, due to additional capital injection by the non-controlling interests in the Company's 51% owned indirect subsidiary, ISEC Myanmar.

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 ageing population as well as increasing awareness on the benefits of seeking early treatment for ophthalmology issues will continue to drive demand for the specialised health services that we provide.

Not only is government spending on healthcare services increasing across the region in line with changes in demographics, we also continue to see more individuals spending on private eye-care services at our clinics because patients have better private insurance coverage.

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. For ISEC Myanmar, operations are expected to commence in the second quarter of 2019, barring any unforeseen circumstances.

To support our expansion strategy, the Group will continue to widen and deepen our talent pool, while we continue keeping ourselves abreast of the ophthalmology services industry by driving innovation and adopting cutting-edge procedures and technology. Our doctors also continue to contribute to community education by participating in seminars in their respective regions.

Our Malaysia operations contributed a significant portion of the Group's revenue. As the presentation currency of the Group is in Singapore Dollar, the revenue from Malaysia operations translated to Singapore Dollar will be impacted by foreign exchange movements.

11. Dividend

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

No dividend has been declared or recommended for the current reporting period.

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

No dividend has been declared or recommended for the current reporting period.

(ii) Previous corresponding period (cents)

No dividend has been declared or recommended for 1Q2018.

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

Not applicable.

(d) The date the dividend is payable.

Not applicable.

- (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.

Not applicable.

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

No dividend has been declared or recommended for 1Q2019 as the Company will be reviewing the decision at a later date.

- 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 1Q2019.

- 14. 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).

- 15. 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 | (13,316) ⁽¹⁾ | 784 |
| General working capital | 2,500 | - | (2,500) ⁽²⁾ | - |
| Total | 16,300 | 300 | (15,816) | 784 |

ISEC HEALTHCARE LTD.

(Company Registration No.201400185H)

- (1) Utilised for the acquisition of Southern Specialist Eye Centre Sdn. Bhd. (“SSEC”) and JL Medical (Bukit Batok) Pte. Ltd., JL Medical (Sembawang) Pte. Ltd., JL Medical (Woodlands) Pte. Ltd. and JL Medical (Yew Tee) Pte. Ltd. (“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 |
|-------------------------|------------------------|--|---------------------------------------|---|-----------|
| | (S\$'000) | (S\$'000) | (S\$'000) | (S\$'000) | (S\$'000) |
| Cash consideration | 5,204 | 6,971 | 415 | 250 | 12,840 |
| Administrative expenses | 122 | 268 | 85 | 1 | 476 |
| Total | 5,326 | 7,239 | 500 | 251 | 13,316 |

- (2) Utilised for general working capital:

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

16. Negative Confirmation by the Board Pursuant to Rule 705(5)

The Board of Directors of the Company confirms, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results for the 3-month financial period ended 31 March 2019 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dr Wong Jun Shyan
Executive Director and Chief Executive Officer
9 May 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 Catalist. 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).