

ISEC HEALTHCARE LTD.

(Company Registration No.201400185H)

**Unaudited Financial Statement and Dividend Announcement
 For the Third Quarter Ended 30 September 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		Change	9 Months Ended		Change
	30	30		30	30	
	September	September		September	September	
	2018	2017		2018	2017	
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	9,908	9,735	2%	29,952	27,445	9%
Cost of sales	(5,259)	(5,097)	3%	(15,567)	(14,492)	7%
Gross profit	4,649	4,638	0%	14,385	12,953	11%
Other item of income						
Other income	125	100	25%	391	303	29%
Other items of expense						
Selling and distribution expenses	(6)	(6)	0%	(18)	(33)	-45%
Administrative expenses	(2,150)	(1,858)	16%	(6,222)	(5,440)	14%
Other expenses	(227)	(133)	71%	(507)	(448)	13%
Interest expense	(1)	(1)	0%	(3)	(3)	0%
Share of results of associate	(11)	-	NM	(11)	-	NM
Profit before income tax	2,379	2,740	-13%	8,015	7,332	9%
Income tax expense	(552)	(548)	1%	(1,774)	(1,526)	16%
Profit for the financial period	1,827	2,192	-17%	6,241	5,806	7%

NM – Not meaningful

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	Group			Group		
	3 Months Ended			9 Months Ended		
	30	30	Change	30	30	Change
	September	September		September	September	
2018	2017		2018	2017		
(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)		
	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	(601)	50	NM	68	(48)	NM
Other comprehensive						
income for the financial						
period, net of tax	(601)	50	NM	68	(48)	NM
Total comprehensive						
income for the financial						
period	1,226	2,242	-45%	6,309	5,758	10%
Profit attributable to:						
Owners of the parent	1,768	2,178	-19%	6,079	5,799	5%
Non-controlling interests	59	14	NM	162	7	NM
Profit for the financial						
period	1,827	2,192	-17%	6,241	5,806	7%
Total comprehensive						
income attributable to:						
Owners of the parent	1,181	2,227	-47%	6,151	5,747	7%
Non-controlling interests	45	15	NM	158	11	NM
Total comprehensive						
income for the financial						
period	1,226	2,242	-45%	6,309	5,758	10%

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			9 Months Ended		
	30	30	Change	30	30	Change
	September	September		September	September	
2018	2017		2018	2017		
(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)		
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation of plant and equipment - cost of sales	146	134	9%	455	421	8%
Depreciation of plant and equipment – administrative expenses	95	95	0%	279	272	3%
Amortisation of intangible assets – other expenses	140	140	0%	420	421	0%
Amortisation of intangible assets – administrative expenses	19	18	6%	52	52	0%
Interest income	(116)	(96)	21%	(318)	(268)	19%
Loss/(gain) on exchange differences - net	70	(5)	NM	54	26	NM
Gain on disposal of plant and equipment	-	-	NM	(24)	(2)	NM
Plant and equipment written-off	37	4	NM	37	4	NM
(Write back of)/allowance for doubtful debts, net	(5)	-	NM	16	-	NM
Write-back of provisions/accruals	(10)	-	NM	(10)	-	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	
	30 September 2018 (Unaudited) S\$'000	31 December 2017 (Restated) S\$'000	1 January 2017 (Restated) S\$'000	30 September 2018 (Unaudited) S\$'000	31 December 2017 (Audited) S\$'000
ASSETS					
Non-current assets					
Plant and equipment	3,594	3,894	3,967	62	86
Intangible assets	38,352	38,766	39,111	2	3
Investment in subsidiaries	-	-	-	48,386	48,386
Investment in associate	239	-	-	-	-
Deferred tax assets	11	11	30	-	-
	<u>42,196</u>	<u>42,671</u>	<u>43,108</u>	<u>48,450</u>	<u>48,475</u>
Current assets					
Inventories	1,143	1,177	1,218	-	-
Trade and other receivables	2,815	2,505	2,171	3,835	4,171
Prepayments	258	202	176	23	16
Current tax assets	-	223	103	-	-
Cash and cash equivalents	23,658	24,824	20,376	8,063	11,048
	<u>27,874</u>	<u>28,931</u>	<u>24,044</u>	<u>11,921</u>	<u>15,235</u>
TOTAL ASSETS	<u>70,070</u>	<u>71,602</u>	<u>67,152</u>	<u>60,371</u>	<u>63,710</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	59,673	59,673	59,673	59,673	59,673
Other reserves	(2,967)	(3,039)	(3,572)	-	-
Retained earnings	7,868	9,442	4,689	311	3,763
Equity attributable to owners of Company	<u>64,574</u>	<u>66,076</u>	<u>60,790</u>	<u>59,984</u>	<u>63,436</u>
Non-controlling interests	637	309	(31)	-	-
TOTAL EQUITY	<u>65,211</u>	<u>66,385</u>	<u>60,759</u>	<u>59,984</u>	<u>63,436</u>
LIABILITIES					
Non-current liabilities					
Provisions	226	208	198	20	20
Deferred tax liabilities	610	684	761	-	-
	<u>836</u>	<u>892</u>	<u>959</u>	<u>20</u>	<u>20</u>
Current liabilities					
Trade and other payables	3,327	3,475	4,919	365	234
Current income tax payable	696	850	515	2	20
	<u>4,023</u>	<u>4,325</u>	<u>5,434</u>	<u>367</u>	<u>254</u>
TOTAL LIABILITIES	<u>4,859</u>	<u>5,217</u>	<u>6,393</u>	<u>387</u>	<u>274</u>
TOTAL EQUITY AND LIABILITIES	<u>70,070</u>	<u>71,602</u>	<u>67,152</u>	<u>60,371</u>	<u>63,710</u>

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 9 Months Ended	
	30 September 2018 (Unaudited) S\$'000	30 September 2017 (Unaudited) S\$'000	30 September 2018 (Unaudited) S\$'000	30 September 2017 (Unaudited) S\$'000
Cash flows from operating activities				
Profit before income tax	2,379	2,740	8,015	7,332
Adjustments for:				
(Write back of)/allowance for doubtful debts, net	(5)	-	16	-
Depreciation of plant and equipment	241	229	734	693
Amortisation of intangible assets	159	158	472	473
Plant and equipment written-off	37	4	37	4
Gain on disposal of plant and equipment	-	-	(24)	(2)
Write-back of provisions/accruals	(10)	-	(10)	-
Interest income	(116)	(96)	(318)	(268)
Interest expense	1	1	3	3
Share of results of associate	11	-	11	-
Operating cash flows before working capital changes	2,697	3,036	8,936	8,235
Working capital changes:				
- Inventories	126	66	35	(6)
- Trade and other receivables	288	(179)	(319)	(455)
- Prepayments	(61)	(49)	(56)	(1)
- Trade and other payables	(162)	59	4	(916)
Cash generated from operations	2,888	2,933	8,600	6,857
Income tax paid	(766)	(656)	(1,763)	(1,506)
Net cash from operating activities	2,122	2,277	6,837	5,351

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	Group 3 Months Ended		Group 9 Months Ended	
	30 September 2018 (Unaudited) S\$'000	30 September 2017 (Unaudited) S\$'000	30 September 2018 (Unaudited) S\$'000	30 September 2017 (Unaudited) S\$'000
Investing activities				
Purchase of plant and equipment	(101)	(136)	(585)	(431)
Purchase of intangible assets	-	(16)	(4)	(26)
Proceeds from disposal of plant and equipment	-	-	24	14
Subscription of shares in associate ⁽¹⁾	(250)	-	(250)	-
Interest received	110	92	307	281
Net cash used in investing activities	(241)	(60)	(508)	(162)
Financing activities				
Dividends paid to shareholders	(4,033)	(2,585)	(7,653)	(3,154)
Dividends paid to vendors ⁽²⁾	-	-	-	(932)
Subscription of shares in subsidiaries by non-controlling interests	19	-	170	285
Net cash used in financing activities	(4,014)	(2,585)	(7,483)	(3,801)
Net (decrease)/increase in cash and cash equivalents	(2,133)	(368)	(1,154)	1,388
Cash and cash equivalents at beginning of financial period	26,020	22,117	24,824	20,376
Effects of exchange rate changes on cash and cash equivalents	(229)	21	(12)	6
Cash and cash equivalents at end of financial period	23,658	21,770	23,658	21,770

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

(2) 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(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							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 SFRS(l)	-	1,735	-	-	(1,735)	-	-	-	
As restated	59,673	502	(3,572)	31	9,442	66,076	309	66,385	
Profit for the financial period	-	-	-	-	4,311	4,311	103	4,414	
Other comprehensive income									
Foreign currency translation	-	659	-	-	-	659	10	669	
Total comprehensive income for the financial period	-	659	-	-	4,311	4,970	113	5,083	
Transaction with owners of the Company									
Dividends	-	-	-	-	(3,620)	(3,620)	-	(3,620)	
Total transaction with owners of the Company	-	-	-	-	(3,620)	(3,620)	-	(3,620)	
Transaction with non-controlling interests									
Subscription of shares in subsidiaries by non-controlling interests ⁽¹⁾	-	-	-	-	-	-	151	151	
Total transaction with non-controlling interests	-	-	-	-	-	-	151	151	
At 30 June 2018	59,673	1,161	(3,572)	31	10,133	67,426	573	67,999	

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

	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 July 2018	59,673	1,161	(3,572)	31	10,133	67,426	573	67,999
Profit for the financial period	-	-	-	-	1,768	1,768	59	1,827
Other comprehensive income								
Foreign currency translation	-	(587)	-	-	-	(587)	(14)	(601)
Total comprehensive income for the financial period	-	(587)	-	-	1,768	1,181	45	1,226
Transaction with owners of the Company								
Dividends	-	-	-	-	(4,033)	(4,033)	-	(4,033)
Total transaction with owners of the Company	-	-	-	-	(4,033)	(4,033)	-	(4,033)
Transaction with non-controlling interests								
Subscription of shares in subsidiaries by non-controlling interests ⁽²⁾	-	-	-	-	-	-	19	19
Total transaction with non-controlling interests	-	-	-	-	-	-	19	19
At 30 September 2018	59,673	574	(3,572)	31	7,868	64,574	637	65,211

(2) In August 2018, the Company, through its wholly-owned subsidiary, ISEC Global Pte. Ltd. ("ISEC Global"), has 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

Group (Unaudited) (Restated)	Attributable to owners of the company						Total Equity S\$'000
	Share capital	Foreign currency translation reserve	Merger 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	
At 1 January 2017							
As previously reported	59,673	(1,735)	(3,572)	6,424	60,790	(31)	60,759
Effect of adoption SFRS(I)	-	1,735	-	(1,735)	-	-	-
As restated	59,673	-	(3,572)	4,689	60,790	(31)	60,759
Profit for the financial period	-	-	-	3,621	3,621	(7)	3,614
Other comprehensive income							
Foreign currency translation	-	(101)	-	-	(101)	3	(98)
Total comprehensive income for the financial period	-	(101)	-	3,621	3,520	(4)	3,516
Transaction with owners of the Company							
Dividends	-	-	-	(569)	(569)	-	(569)
Total transaction with owners of the Company	-	-	-	(569)	(569)	-	(569)
Transaction with non-controlling interests							
Subscription of shares in subsidiaries by non-controlling interests ⁽¹⁾	-	-	-	-	-	285	285
Total transaction with non-controlling interests	-	-	-	-	-	285	285
At 30 June 2017	59,673	(101)	(3,572)	7,741	63,741	250	63,991
At 1 July 2017	59,673	(101)	(3,572)	7,741	63,741	250	63,991
Profit for the financial period	-	-	-	2,178	2,178	14	2,192
Other comprehensive income							
Foreign currency translation	-	49	-	-	49	1	50
Total comprehensive income for the financial period	-	49	-	2,178	2,227	15	2,242
Transaction with owners of the Company							
Dividends	-	-	-	(2,585)	(2,585)	-	(2,585)
Total transaction with owners of the Company	-	-	-	(2,585)	(2,585)	-	(2,585)
At 30 September 2017	59,673	(52)	(3,572)	7,334	63,383	265	63,648

(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

Company (Unaudited)	Share capital S\$'000	Retained earnings S\$'000	Total Equity S\$'000
At 1 January 2018	59,673	3,763	63,436
Profit for the financial period, representing total comprehensive income for the financial period	-	4,037	4,037
Transaction with owners of the Company			
Dividends	-	(3,620)	(3,620)
Total transaction with owners of the Company	-	(3,620)	(3,620)
At 30 June 2018	59,673	4,180	63,853
At 1 July 2018	59,673	4,180	63,853
Profit for the financial period, representing total comprehensive income for the financial period	-	164	164
Transaction with owners of the Company			
Dividends	-	(4,033)	(4,033)
Total transaction with owners of the Company	-	(4,033)	(4,033)
At 30 September 2018	59,673	311	59,984
At 1 January 2017	59,673	1,501	61,174
Profit for the financial period, representing total comprehensive income for the financial period	-	2,308	2,308
Transaction with owners of the Company			
Dividends	-	(569)	(569)
Total transaction with owners of the Company	-	(569)	(569)
At 30 June 2017	59,673	3,240	62,913
At 1 July 2017	59,673	3,240	62,913
Loss for the financial period, representing total comprehensive income for the financial period	-	(111)	(111)
Transaction with owners of the Company			
Dividends	-	(2,585)	(2,585)
Total transaction with owners of the Company	-	(2,585)	(2,585)
At 30 September 2017	59,673	544	60,217

- 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 June 2018 and 30 September 2018	517,095,669	59,672,457

The Company did not have any outstanding options or convertibles as at 30 September 2018 and 30 September 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 30 September 2018 and 30 September 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>30 September 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 30 September 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		9 months ended	
	30 September 2018 (Unaudited)	30 September 2017 (Unaudited)	30 September 2018 (Unaudited)	30 September 2017 (Unaudited)
Earnings per share ("EPS")				
Profit attributable to owners of the parent (S\$'000)	1,768	2,178	6,079	5,799
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⁾	0.34	0.42	1.18	1.12

(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	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Net asset value attributable to owners of the parent (S\$'000)	64,574	66,076	59,984	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\$)	0.12	0.13	0.12	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 3 months ended 30 September 2018 ("3Q2018") and 30 September 2017 ("3Q2017").

Consolidated Statement of Comprehensive Income

Revenue

The Group recorded a 2% increase in revenue, from S\$9.74 million in 3Q2017 to S\$9.91 million in 3Q2018, attributable from increased patient visits from the Group's Malaysia operations.

Cost of sales

Cost of sales increased by 3%, or S\$0.16 million, to S\$5.26 million in 3Q2018 compared to that in 3Q2017 consistent with increased revenue.

Gross profit and gross profit margin

Both the gross profits and gross profit margins for both periods 3Q2017 and 3Q2018 were generally consistent. The Group recorded gross profit and gross profit margin of S\$4.65 million and 46.9% respectively in 3Q2018, and S\$4.64 million and 47.6% respectively in 3Q2017.

Administrative expenses

Administrative expenses increased by 16% to S\$2.15 million in 3Q2018 mainly due to increased staff related-costs across the Group and other operating expenses attributable to the increased business activities of the Group.

Income tax expense

The effective tax rates of the Group in 3Q2017 and 3Q2018 were 20% and 23% respectively. The statutory corporate tax rates are 17% in Singapore and 24% in Malaysia.

Profit after tax

Net profit of the Group in 3Q2018 was S\$1.83 million, a decrease of S\$0.37 million compared to S\$2.19 million in 3Q2017, mainly due to the above-mentioned factors.

Consolidated Statement of Financial Position

Current assets

The decrease in current assets was mainly attributable to the decrease 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 over the period of 9 months period ended 30 September 2018.

Current liabilities

The decrease in trade and other payables was mainly due to payments made for operating expenses and fixed assets.

Consolidated Statement of Cash Flows

As at 30 September 2018, the Group had cash and cash equivalents of S\$23.66 million, as compared to S\$21.77 million as at 30 September 2017.

Cash flows from operating activities

In 3Q2018, net cash flows from operating activities was recorded at S\$2.12 million. This comprised operating cash flows before working capital changes of S\$2.70 million and changes in net working capital inflow of S\$0.19 million, less income tax paid of S\$0.77 million.

Cash flows used in investing activities

Net cash used in investing activities in 3Q2018 amounted to S\$0.24 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\$0.10 million. The outflow was offset by interest income received of S\$0.11 million.

Cash flows used in financing activities

Net cash used in financing activities was S\$4.01 million in 3Q2018. S\$4.03 million of dividends were paid to shareholders of the Company, offset by capital injection of S\$0.02 million 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.

Our Malaysia operations contributed a significant portion of the Group's revenue. A correlation between the increase in medical tourism in Malaysia and the weakening of the Malaysian Ringgit has been observed, and is expected to continue, with stronger purchasing power of foreign currencies, and vice versa. However, 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.

The Group has commenced the initial phase of entering into the markets in Myanmar, by incorporating ISEC Myanmar together with three other independent parties, to operate and administer ophthalmology centres providing medical consultations and services in Myanmar.

The Group continues to seek suitable opportunities to increase its footprint and/or penetrate 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.

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)

Not applicable

(ii) Previous corresponding period (cents)

Not applicable. No dividend was declared or recommended for 3Q2017.

(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.

No dividend has been declared or recommended for 3Q2018.

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 3Q2018.

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 pursuant to reallocation of unutilised listing expenses S\$'000</u>	<u>Amount allocated 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	(12,921) ⁽¹⁾	1,179
General working capital	2,500	-	(2,500) ⁽²⁾	-
Total	16,300	300	(15,421)	1,179

- (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 (S\$'000)	Acquisition of the JLM Companies (S\$'000)	Joint venture into ISEC Myanmar (S\$'000)	Subscription of shares in I Medical & Aesthetics (S\$'000)	Total (S\$'000)
Cash consideration	5,204	6,971	20	250	12,445
Administrative expenses	122	268	85	1	476
Total	5,326	7,239	105	251	12,921

- (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 and 9-month financial period ended 30 September 2018 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dr Wong Jun Shyan
Executive Director and Chief Executive Officer
5 November 2018

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).