

ISEC HEALTHCARE LTD.

(Company Registration No.201400185H)

**Unaudited Financial Statement and Dividend Announcement
For the Third Quarter Ended 30 September 2014**

*ISEC Healthcare Ltd. (the "**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 28 October 2014. The initial public offering of the Company (the "**IPO**") was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**" or "**PPCF**").*

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.

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

The contact person for the Sponsor is Mr Mark Liew, Managing Director, Corporate Finance, at 20 Cecil Street, #21-02 Equity Plaza, Singapore 049705, telephone (65) 6229 8088.

Background

ISEC Healthcare Ltd. (the "**Company**") was incorporated in the Republic of Singapore on 2 January 2014 under the Companies Act (Chapter 50) of Singapore as a private limited company. The Company and its subsidiaries (the "**Group**") were formed pursuant to a restructuring exercise (the "**Restructuring Exercise**") prior to listing on the Catalist of the SGX-ST on 28 October 2014. Please refer to the Company's offer document dated 14 October 2014 for further details on the Restructuring Exercise.

On 22 September 2014, ISEC Eye Pte. Ltd. ("**ISEC Eye**") (which was a standalone entity then) acquired the entire businesses of Lee HM & Co Pte. Ltd., Singapore Lasik Hub Pte. Ltd., Perfect Vision Eye Centre Pte. Ltd. and Lee Hung Ming Eye Centre Pte. Ltd. (collectively, "**LHM Companies**"), each wholly-owned by Dr Lee Hung Ming, as part of the Restructuring Exercise to streamline the Group's business operations.

On 26 September 2014, the Company completed the acquisition of the entire issued and paid up share capital of ISEC Sdn. Bhd. and its subsidiaries, by way of pooling-of-interest, and ISEC Eye, by way of acquisition accounting. Accordingly, ISEC Eye became a wholly-owned subsidiary of the Company and the Group consolidated the results of ISEC Eye with effect from 26 September 2014. As such, the comparative results of the Group for three months and nine months ended 30 September 2013 were presented in a manner with the inclusion of ISEC Sdn. Bhd. and its subsidiaries only.

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.

N¹ – 30 September 2013 figures only consist of Malaysia results of ISEC Sdn. Bhd. and its subsidiaries.

N² – 30 September 2014 figures consist of Malaysia results of ISEC Sdn. Bhd. and its subsidiaries, and Singapore results of ISEC Healthcare Ltd., International Specialist Eye Centre Pte. Ltd. (which was set up in August 2014) and ISEC Eye Pte. Ltd. (the acquisition of which was completed on 26 September 2014).

For Pro Forma figures, please refer to the Presentation Slides as announced separately via the SGXNET today.

	Group Three Months Ended			Group Nine Months Ended		
	30 September 2014 (N ²) (Unaudited) S\$'000	30 September 2013 (N ¹) (Unaudited) S\$'000	Change %	30 September 2014 (N ²) (Unaudited) S\$'000	30 September 2013 (N ¹) (Unaudited) S\$'000	Change %
Revenue	4,916	4,350	13%	14,867	13,285	12%
Cost of sales	(3,080)	(2,651)	16%	(8,677)	(8,088)	7%
Gross profit	1,836	1,699	8%	6,190	5,197	19%
Other items of income						
Other income	18	24	-25%	54	79	-32%
Other items of expenses						
Selling and distribution expenses	(65)	(31)	110%	(131)	(96)	36%
Administrative expenses	(1,287)	(862)	49%	(2,798)	(2,362)	18%
Loss on disposal of subsidiary	-	-	NA	(33)	-	NM
Finance costs	(11)	(10)	10%	(33)	(18)	83%
Profit before income tax	491	820	-40%	3,249	2,800	16%
Income tax expense	(311)	(250)	24%	(929)	(799)	16%
Profit for the financial period	180	570	-68%	2,320	2,001	16%

	Group			Group		
	Three Months Ended			Nine Months Ended		
	30	30	Change	30	30	Change
	September 2014 (N ²) (Unaudited) S\$'000	September 2013 (N ¹) (Unaudited) S\$'000	%	September 2014 (N ²) (Unaudited) S\$'000	September 2013 (N ¹) (Unaudited) S\$'000	%
Other comprehensive income						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Foreign currency translation differences - foreign operations	10	(61)	NM	30	(137)	NM
Reclassification arising from disposal of foreign subsidiary	-	-	NA	33	-	NM
Income tax relating to items that may be reclassified	-	-	NA	-	-	NA
Other comprehensive income/(loss) for the financial period, net of tax	10	(61)	NM	63	(137)	NM
Total comprehensive income for the financial period	190	509	-63%	2,383	1,864	28%
Profit attributable to:						
Owners of the parent	198	685	-71%	2,393	2,223	8%
Non-controlling interests	(18)	(115)	-84%	(73)	(222)	-67%
Profit for the financial period	180	570	-68%	2,320	2,001	16%
Total comprehensive income attributable to:						
Owners of the parent	207	626	-67%	2,443	2,092	17%
Non-controlling interests	(17)	(117)	-85%	(60)	(228)	-74%
Total comprehensive income for the financial period	190	509	-63%	2,383	1,864	28%

NA – Not applicable
 NM – Not meaningful

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

	Group			Group		
	Three Months Ended			Nine Months Ended		
	30	30	Change	30	30	Change
	September 2014 (N ²) (Unaudited) S\$'000	September 2013 (N ¹) (Unaudited) S\$'000	%	September 2014 (N ²) (Unaudited) S\$'000	September 2013 (N ¹) (Unaudited) S\$'000	%
Depreciation of plant and equipment – cost of sales	103	105	-2%	260	397	-35%
Depreciation of plant and equipment – administrative expenses	72	87	-17%	164	238	-31%
Loss on disposal of subsidiary	-	-	NA	(33)	-	NM

NA – Not applicable
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

M¹ – 31 December 2013 figures only consist of Malaysia results of ISEC Sdn. Bhd. and its subsidiaries.

	Group		Company*
	30 September 2014 (N ²) (Unaudited) S\$'000	31 December 2013 (M ¹) (Audited) S\$'000	30 September 2014 (Unaudited) S\$'000
ASSETS			
Non-current assets			
Plant and equipment	4,390	2,572	194
Investment in subsidiaries	-	-	20,090
Intangible assets	5,300	-	-
Goodwill	7,970	-	-
	<u>17,660</u>	<u>2,572</u>	<u>20,284</u>
Current assets			
Inventories	547	406	-
Trade and other receivables	4,080	1,372	3,887
Cash and cash equivalents	9,774	2,168	1,638
	<u>14,401</u>	<u>3,946</u>	<u>5,525</u>
TOTAL ASSETS	<u><u>32,061</u></u>	<u><u>6,518</u></u>	<u><u>25,809</u></u>

	Group		Company*
	30 September 2014 (N ²) (Unaudited) S\$'000	31 December 2013 (M ¹) (Audited) S\$'000	30 September 2014 (Unaudited) S\$'000
EQUITY AND LIABILITIES			
Equity			
Share capital	25,590	418	25,590
Reserves	(3,704)	(182)	-
Retained earnings/(Accumulated losses)	4,541	2,147	(110)
Equity attributable to owners of parent	26,427	2,383	25,480
Non-controlling interests	(204)	(82)	-
TOTAL EQUITY	26,223	2,301	25,480
LIABILITIES			
Non-current liabilities			
Deferred tax liability	901	-	-
Provisions	141	-	18
	1,042	-	18
Current liabilities			
Trade and other payables	3,069	2,959	311
Bank borrowings	689	747	-
Current income tax payable	1,038	511	-
	4,796	4,217	311
TOTAL LIABILITIES	5,838	4,217	329
TOTAL EQUITY AND LIABILITIES	32,061	6,518	25,809

* The Company was incorporated on 2 January 2014. Therefore there is no comparative statement of financial position for the Company as at 31 December 2013.

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

Amount repayable in one year or less, or on demand

As at 30 September 2014 (N ²) (Unaudited)		As at 31 December 2013 (M ¹) (Audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	689	-	747

Amount repayable after one year

As at 30 September 2014 (N ²) (Unaudited)		As at 31 December 2013 (M ¹) (Audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	-	-

Details of any collateral

None.

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		Group	
	Three Months Ended		Nine Months Ended	
	30	30	30	30
	September	September	September	September
	2014 (N ²)	2013 (N ¹)	2014 (N ²)	2013 (N ¹)
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit before income tax	491	820	3,249	2,800
Adjustments for:				
Depreciation of plant and equipment	175	192	424	635
Gain on disposal of plant and equipment	-	-	(3)	-
Loss on disposal of subsidiary company	-	-	33	-
Interest income	(17)	(10)	(38)	(25)
Interest expense	11	10	33	18
Operating cash flows before working capital changes	660	1,012	3,698	3,428
Working capital changes:				
- Inventories	(91)	(27)	(136)	(116)
- Trade and other receivables	(7,408)	(25)	(1,910)	(239)
- Trade and other payables	7,123	(220)	1,713	(233)
Cash generated from operations	284	740	3,365	2,840
Income tax paid	(705)	(129)	(1,136)	(426)
Net cash (used in)/from operating activities	(421)	611	2,229	2,414
Investing activities				
Purchase of plant and equipment	(2,188)	(112)	(2,240)	(1,832)
Proceeds from disposal of plant and equipment	-	2	25	343
Proceeds from disposal of subsidiary	-	-	141	-
Cash proceeds from business acquired	3,811	-	3,811	-
Interest received	17	10	38	25
Net cash from/(used in) investing activities	1,640	(100)	1,775	(1,464)

	Group		Group	
	Three Months Ended		Nine Months Ended	
	30	30	30	30
	September	September	September	September
	2014 (N ²)	2013 (N ¹)	2014 (N ²)	2013 (N ¹)
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	S\$'000	S\$'000	S\$'000	S\$'000
Financing activities				
Dividends paid	-	(1,177) ⁽¹⁾	(1,829) ⁽²⁾	(1,177) ⁽¹⁾
Proceeds from issuance share capital	5,500	-	5,500	-
Redemption of preference shares	-	(174)	-	(174)
Interest paid	(11)	(10)	(33)	(18)
Net cash from/(used in) financing activities	5,489	(1,361)	3,638	(1,369)
Net change in in cash and cash equivalents	6,708	(850)	7,642	(419)
Cash and cash equivalents at beginning of financial period	2,384	2,093	1,421	1,684
Effects of exchange rate changes on cash and cash equivalents	(7)	(74)	22	(96)
Cash and cash equivalents at end of financial period	9,085	1,169	9,085	1,169

(1) First interim tax exempt dividend of approximately S\$1.18 (RM3.05) per ordinary share, totaling S\$1.2 million, in respect of the financial year ended 31 December 2013 was declared in Q3 2013 by ISEC Sdn. Bhd., a subsidiary wholly-owned by ISEC Healthcare Ltd.

(2) As at 30 September 2014, total dividend amounted S\$1.8 million was paid out by ISEC Sdn. Bhd. in respect of the financial year ended 31 December 2013 via the following tranches:

- Second interim tax exempt dividend of approximately S\$1.16 (RM3.00) per ordinary share; and
- Third interim tax exempt dividend of approximately S\$0.66 (RM1.70) per ordinary share.

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

Statement of Changes in Equity

	Attributable to owners of the parent						Total Equity S\$'000
	Share capital	Merger reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to owners of the parent	Non- controlling interests	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Group (Unaudited)							
At 1 January 2014	418	-	(182)	2,148	2,384	(82)	2,302
Profit for the financial period	-	-	-	2,195	2,195	(55)	2,140
Other comprehensive income							
Foreign currency translation differences – foreign operations	-	-	18	-	18	2	20
Reclassification adjustment arising from disposal of foreign subsidiary	-	-	23	-	23	10	33
Total comprehensive income for the financial period	-	-	41	2,195	2,236	(43)	2,193
Transactions with owners of the parent							
Issuance of subscriber's shares on incorporation of the Company	*	-	-	-	*	-	*
Total transaction with owners of the parent	*	-	-	-	*	-	*
Transaction with non- controlling interests							
Disposal of a subsidiary	-	-	-	-	-	(62)	(62)
Total transactions with non- controlling interests	-	-	-	-	-	(62)	(62)
At 30 June 2014	418	-	(141)	4,343	4,620	(187)	4,433

* The Company was incorporated on 2 January 2014 with an issued and paid-up share capital of S\$100 comprising 100 shares.

Group (Unaudited)	Attributable to owners of the parent						Total Equity S\$'000
	Share capital	Merger reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to owners of the parent	Non- controlling interests	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
At 1 July 2014	418	-	(141)	4,343	4,620	(187)	4,433
Profit for the financial period	-	-	-	198	198	(18)	180
Other comprehensive income							
Foreign currency translation differences – foreign operations	-	-	9	-	9	1	10
Total comprehensive income for the financial period	-	-	9	198	207	(17)	190
Transactions with owners of the parent							
Issuance of ordinary shares	25,590	-	-	-	25,590	-	25,590
Deemed distribution to owners of the parent pursuant to the restructuring exercise	(418)	(3,572)	-	-	(3,990)	-	(3,990)
Total transaction with owners of the parent	25,172	(3,572)	-	-	21,600	-	21,600
At 30 September 2014 (N²)	25,590	(3,572)	(132)	4,541	26,427	(204)	26,223

Statement of Changes in Equity

	Attributable to owners of the parent						Non- controlling interests	Total Equity
	Share capital	Merger reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to owners of the parent			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		
Group (Unaudited)								
At 1 January 2013	418	-	(87)	2,467	2,798	297	3,095	
Profit for the financial period	-	-	-	1,538	1,538	(107)	1,431	
Other comprehensive income								
Foreign currency translation differences – foreign operations	-	-	(72)	-	(72)	(4)	(76)	
Total comprehensive income for the financial period	-	-	(72)	1,538	1,466	(111)	1,355	
At 30 June 2013	418	-	(159)	4,005	4,264	186	4,450	
At 1 July 2013	418	-	(159)	4,005	4,264	186	4,450	
Profit for the financial period	-	-	-	685	685	(115)	570	
Other comprehensive income								
Foreign currency translation differences – foreign operations	-	-	(59)	-	(59)	(2)	(61)	
Total comprehensive income for the financial period	-	-	(59)	685	626	(117)	509	
Transactions with owners of the parent								
Dividends declared	-	-	-	(1,186)	(1,186)	-	(1,186)	
Total transaction with owners of the parent	-	-	-	(1,186)	(1,186)	-	(1,186)	
At 30 September 2013 (N¹)	418	-	(218)	3,504	3,704	69	3,773	

Statement of Changes in Equity

Company* (Unaudited)	Share capital S\$'000	Retained earnings S\$'000	Total Equity S\$'000
At 1 January 2014	-	-	-
Loss for the financial period	-	(54)	(54)
Total comprehensive income for the financial period	-	(54)	(54)
Transactions with owners of the Company			
Issuance of share capital	*	-	*
Total transaction with owners of the Company	*	-	*
At 30 June 2014	*	(54)	(54)
At 1 July 2014	*	(54)	(54)
Loss for the financial period	-	(56)	(56)
Total comprehensive income for the financial period	-	(56)	(56)
Transactions with owners of the Company			
Issuance of ordinary shares	25,590	-	25,590
Total transaction with owners of the Company	25,590	-	25,590
At 30 September 2014	25,590	(110)	25,480

* The Company was incorporated on 2 January 2014 with an issued and paid-up share capital of S\$100 comprising 100 shares. Therefore, there is no comparative statement of changes in equity for the Company from 1 January 2013 to 30 September 2013.

- 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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.**

Shares Capital – Ordinary Shares

The Company's issued and fully paid-up share capital increased by 388,499,900 shares from 100 shares as at 1 July 2014 to 388,500,000 shares as at 30 September 2014 due to the following:

	Number of ordinary shares	Issued and paid-up share capital S\$
At 1 July 2014	100	100
Issue of shares pursuant to the Restructuring Exercise	55,499,900	25,589,900
Total shares before the share split	<u>55,500,000</u>	<u>25,590,000</u>
Share split pursuant to the Restructuring Exercise⁽¹⁾ and as at 30 September 2014	<u>388,500,000</u>	<u>25,590,000</u>

(1) On 29 September 2014, each share in the Company was subdivided into 7 ordinary shares.

The Company did not have any outstanding options, convertibles or treasury shares as at 30 September 2014 and 30 September 2013. There have been no options granted pursuant to the Company's employee share options scheme.

- (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 2014</u>	<u>31 December 2013</u>
Total number of issued shares	388,500,000	-*

The Company did not have any treasury shares as at 30 September 2014 and 31 December 2013.

* The Company was incorporated on 2 January 2014 with an issued and paid-up share capital of S\$100 comprising 100 shares.

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

Not applicable. The Company did not have any treasury shares 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 reporting period are consistent with those disclosed in the audited combined financial statements for the financial year ended 31 December 2013 as set out in the Company's offer document dated 14 October 2014.

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 2014. The adoption of these new and revised FRS and INT FRS did not result in any substantial change to the Group's and the Company's accounting policies and has no significant impact on the financial statements for the current financial reporting period.

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")	Three months ended		Nine months ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit attributable to owners of the parent (S\$)	197,914	685,247	2,392,832	2,223,629
Weighted average number of ordinary shares in issue	20,000,067 ⁽¹⁾	1,000,000 ⁽²⁾	6,666,756 ⁽¹⁾	1,000,000 ⁽²⁾
Basic and fully diluted basis (Singapore cents) ⁽⁴⁾	1	69	36	222
Number of ordinary shares in issue post-IPO ⁽³⁾	458,500,000	458,500,000	458,500,000	458,500,000
Basic and fully diluted basis (Singapore cents) ⁽⁴⁾	0.04	0.15	0.52	0.48

- (1) The calculation is based on the weighted average number of ordinary shares in issue during the respective periods.
- (2) The weighted average number of ordinary shares in issue for the three months and nine months ended 30 September 2013 were based on the weighted average number of ordinary shares issued by ISEC Sdn Bhd.
- (3) EPS calculations for all the respective financial periods were computed based on post-IPO share capital of 458,500,000 issued ordinary shares.
- (4) There were no potentially dilutive ordinary shares in existence during the 3 months and 9 months ended 30 September 2014 and 30 September 2013.

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

	Group		Company
	30 September 2014	31 December 2013	30 September 2014
	(Unaudited)	(Audited)	(Unaudited)
Net asset value (S\$)	26,232,943	2,301,467	25,489,823
Number of ordinary shares in issue	388,500,000	1,000,000 ⁽¹⁾	388,500,000
Net asset value per ordinary share (S\$)	0.07	2.30	0.07
Number of ordinary shares in issue post-IPO ⁽²⁾	458,500,000	458,500,000	458,500,000
Net asset value per ordinary share (S\$)	0.06	0.01	0.06

(1) Based on the number of ordinary shares issued by ISEC Sdn. Bhd. as at 31 December 2013.

(2) Net asset value calculations for all the respective financial periods were computed based on post-IPO share capital of 458,500,000 issued ordinary shares.

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 for the performance of the Group for the 3 months and 9 months ended 30 September 2014 ("3Q2014" and "9M2014" respectively).

- I. The 3 months and 9 months figures ended 30 September 2013 only consist of Malaysia results of ISEC Sdn. Bhd. and its subsidiaries.;*
- II. The 3 months and 9 months figures ended 30 September 2014 consist of Malaysia results of ISEC Sdn. Bhd. and its subsidiaries, and Singapore results of ISEC Healthcare Ltd., International Specialist Eye Centre Pte. Ltd. (which was set up in August 2014) and ISEC Eye Pte. Ltd. (the acquisition of which was completed on 26 September 2014); and*

III. For Pro Forma figures, please refer to the Presentation Slides as announced separately via the SGXNET today.

Consolidated Statement of Comprehensive Income

Revenue

The Group recorded revenue of S\$4.9 million in 3Q2014, an increase of 13% as compared to S\$4.4 million in the 3 months ended 30 September 2013 ("3Q2013"). The Group's revenue in 9M2014 increased by 12% to S\$14.9 million, as compared to S\$13.3 million in the 9 months ended 30 September 2013 ("9M2013").

The increase in revenue was mainly due to an upward revision on fees charged to patients as well as an increase in number of patient visits for our Malaysia operations. Revenue contribution from International Specialist Eye Centre Pte. Ltd. ("ISEC Singapore") and ISEC Eye was negligible as operations in ISEC Singapore started in August 2014 and the revenue contribution from ISEC Eye was only from 27 September 2014 onwards.

Cost of sales

Cost of sales increased by 16% (3Q2013: S\$2.7 million; 3Q2014: S\$3.1 million), and 7% (9M2013: S\$8.1 million; 9M2014: S\$8.7 million) in 3Q2014 and 9M2014 respectively. Cost of sales for the Group's operations in Malaysia increased by 4% (3Q2013: S\$2.7 million; 3Q2014: S\$2.8 million), and 4% (9M2013: S\$8.1 million; 9M2014: S\$8.4 million) in 3Q2014 and 9M2014 respectively, mainly due to the increase in business activities in Malaysia and the remaining increase was mainly due to doctors' consultancy fees incurred in our new clinic held by ISEC Singapore in Mount Elizabeth Hospital Novena, Singapore, which was set up in August 2014.

Selling and distribution expenses

Selling and distribution expenses increased by 110% (3Q2013: S\$31,000; 3Q2014: S\$65,000), and 36% (9M2013: S\$96,000; 9M2014: S\$131,000) in 3Q2014 and 9M2014 respectively. The increase was mainly due to marketing and advertising costs incurred in ISEC Singapore to promote the Group's services in Singapore.

Administrative expenses

Administrative expenses increased by 49% (3Q2013: S\$862,000; 3Q2014: S\$1.3 million), and 18% (9M2013: S\$2.4 million; 9M2014: S\$2.8 million) in 3Q2014 and 9M2014 respectively. The increase was mainly due to set-up costs and rental of premises of the new corporate office and the new clinic in Mount Elizabeth Hospital Novena, as well as employees' wages and salaries in both the Company and ISEC Singapore.

Income tax expense

The effective tax rates of the Group in 3Q2013 and 3Q2014 were 30% and 63% respectively, which was higher than the respective statutory corporate tax rates in Singapore (17%) and Malaysia (25%) where the Group operates in. This was mainly due to expenses not allowable for tax deductions incurred by operations in Malaysia and no tax credit recognised for the losses incurred in the Company and ISEC Singapore since they were loss making during the financial period reported on.

Profit after tax

The net profit for 3Q2014 was lower as compared to 3Q2013 mainly due to set-up costs and rental of premises of the new corporate office and the new clinic in Mount Elizabeth Hospital Novena, as well as employees' wages and salaries in both the Company and ISEC Singapore.

For 9M2014, the Group recorded higher net profit of S\$2.3 million as compared to S\$2.0 million in 9M2013 mainly due to higher profits recorded in Malaysia which was offset by costs incurred for the Company and losses in ISEC Singapore.

Consolidated Statement of Financial Position

Non-current assets

Non-current assets (comprising plant and equipment, intangible asset and goodwill) were S\$17.7 million as at 30 September 2014, representing an increase of S\$15.1 million from S\$2.6 million as at 31 December 2013. The increase was mainly due to additions of fixed assets of S\$1.9 million by the Company and ISEC Singapore for corporate office set-up and setting up of ISEC Singapore (i.e. clinical equipment and instruments, renovation costs, furniture and fixtures, and computer hardware and software) respectively, and intangible asset of S\$5.3 million and goodwill of S\$8.0 million arising from the acquisition of ISEC Eye.

Intangible asset of S\$5.3 million relates to the fair value assigned to the service agreement dated 26 August 2014 entered into between ISEC Eye and Parkway Hospitals Singapore Pte. Ltd. ("PHS"), relating to services to be performed by Dr Lee Hung Ming. Residual goodwill of S\$8.0 million as at 30 September 2014 was arrived at based on the fair value purchase consideration of S\$16.1 million paid for the acquisition of ISEC Eye, less the share of net assets at book value of S\$3.7 million and the fair value of the PHS service agreement of S\$4.4 million (net of deferred tax liability of S\$0.9 million).

Current assets

Trade and other receivables increased by S\$2.7 million to S\$4.1 million as at 30 September 2014 compared to that as at 31 December 2013. The increase was mainly attributable to:

- i. Trade receivables of S\$1.0 million in ISEC Eye, which was recognized as part of the Group pursuant to the acquisition of ISEC Eye by the Company;
- ii. Progress payments for IPO-related expenses by the Company, which amounted to S\$ 1.0 million;
- iii. Total net goods and services tax receivable of S\$211,000 by the Company and ISEC Singapore;
- iv. Down-payments of S\$150,000 for the purchase of clinical equipment, instruments, stocks consumables and medications; and
- v. Staff advances of S\$150,000.

Non-current liabilities

As at 30 September 2014, the Group accounted for provisions of S\$141,000 for the reinstatement costs of corporate office and clinic premises in Singapore, and S\$901,000 for the provision of deferred tax liability arising from the acquisition of ISEC Eye.

Current liabilities

Trade and other payables increased by S\$110,000 from S\$3.0 million as at 31 December 2013 to S\$3.1 million as at 30 September 2014. The increase was mainly attributable to:

- i. Increase in payables of S\$1.5 million by the Company and ISEC Singapore for the fixed assets acquired for the respective corporate office and clinic set-up;
- ii. Increase in accruals of S\$180,000 by ISEC Sdn. Bhd. due to increased staff-related costs as a result of increased number of employees as well as increase in staff remuneration;
- iii. Increase in trade and other payables of S\$207,000 by ISEC Eye, which was recognized as part of the Group pursuant to the acquisition of ISEC Eye by the Company; and

the increase was offset by a dividend payout of S\$1.8 million by ISEC Sdn. Bhd. as at 30 September 2014 for interim dividends declared in respect of the financial year ended 31 December 2013.

Bank borrowings comprised unsecured overdraft facilities entered by ISEC (Penang) Sdn. Bhd. (a subsidiary of ISEC Sdn. Bhd.) subject to repayment within the next 12 months.

Current income tax payable increased by S\$527,000 from S\$511,000 as at 31 December 2013 to S\$1.04 million as at 30 September 2014. This was mainly due to total income tax payable by ISEC Eye of S\$727,000 which was recognised as part of the Group pursuant to the acquisition of ISEC Eye by the Company, and current tax provision of S\$774,000 by ISEC Sdn. Bhd.; which was offset by tax payments of approximately S\$1.1 million by ISEC Sdn. Bhd. during the financial period reported on.

Consolidated Statement of Cash Flows

Cash flows from operating activities

Net cash used in operating activities was S\$421,000 in the three months ended 30 September 2014. This was mainly due to lower profit generated from operations, and income tax payment.

Cash flows from investing activities

Net cash from investing activities accounted for S\$1.6 million of the total increase in cash and cash equivalents as at 30 September 2014. The acquisition of ISEC Eye contributed S\$3.8 million of cash proceeds to the Group. During the three months period ended 30 September 2014, cash outflows of approximately S\$2.0 million were made for the purchase of plant and equipment mainly by ISEC Singapore.

Cash flows from financing activities

Net cash from financing activities amounted to S\$5.5 million in the 3 months ended 30 September 2014, mainly as result of the receipt of cash proceeds of S\$5.5 million from additional share issuance.

Based on the above, the Group maintained a healthy cash position of S\$9.1 million as at 30 September 2014.

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

Not applicable. 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 ophthalmology services market in Malaysia and Singapore continued to grow and is expected to create more opportunities to current market players to expand and tap onto the growing demand. With a well-planned business strategy, the Group believes it can tap on this demand.

Since listing, the Ringgit Malaysia has softened against Singapore Dollar. As the Group derived a portion of its revenue from Malaysia, the foreign exchange rate plays a part. Hence, the Group will monitor closely on the foreign exchange.

11. Dividend

(a) Current Financial Period Reported On: Any dividend declared for the current financial period reported on?

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

(b) Corresponding Period of the Immediately Preceding Financial Year: Any dividend declared for the corresponding period of the immediately preceding financial year?

No dividend has been declared or recommended for 3Q2013.

(c) Date payable:

Not applicable.

(d) Books closure date:

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared or recommended for 3Q2014.

- 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 were no IPT of S\$100,000 and above for 3Q2014.

14. Use of IPO proceeds

The Company refers to the net proceeds amounting to S\$16.3 million (excluding listing expenses of approximately S\$3.3 million) raised from the IPO on the Catalist Board of the SGX-ST on 28 October 2014.

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 utilised S\$'000</u>	<u>Balance S\$'000</u>
Business expansion in the Asia Pacific region (including Malaysia and Singapore)	13,800	-	13,800
General and working capital	2,500	691 ⁽¹⁾	1,809
Total	16,300	691	15,609

(1) Utilised for:

	<u>S\$'000</u>
Cost of sales	320
Administrative expenses	340
Selling and distribution expenses	31
	691

15. 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 months and 9 months financial periods ended 30 September 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dr Wong Jun Shyan
Executive Director and Chief Executive Officer

12 December 2014