

ISEC HEALTHCARE LTD.

(Company Registration No.201400185H)

**Unaudited Financial Statement and Dividend Announcement
 For the First Quarter Ended 31 March 2016**
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		
	31 March 2016 (Unaudited) S\$'000	31 March 2015 (Unaudited) S\$'000	Change %
Revenue	6,830	6,373	7%
Cost of sales	(3,401)	(3,481)	-2%
Gross profit	3,429	2,892	19%
Other item of income			
Other income	108	38	184%
Other items of expense			
Selling and distribution expenses	(17)	(84)	-80%
Administrative expenses	(1,464)	(1,532)	-4%
Other expenses	(133)	(133)	0%
Interest expense	(1)	(2)	-50%
Profit before income tax	1,922	1,179	63%
Income tax expense	(331)	(411)	-19%
Profit for the financial period	1,591	768	107%
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences - foreign operations	923	(131)	NM
Income tax relating to items that may be reclassified	-	-	-
Other comprehensive income for the financial period, net of tax	923	(131)	NM
Total comprehensive income for the financial period	2,514	637	295%

NM – Not meaningful

	Group		
	3 Months Ended		
	31 March 2016 (Unaudited) S\$'000	31 March 2015 (Unaudited) S\$'000	Change %
Profit attributable to:			
Owners of the parent	1,576	757	108%
Non-controlling interests	15	11	36%
Profit for the financial period	1,591	768	107%
Total comprehensive income attributable to:			
Owners of the parent	2,503	623	302%
Non-controlling interests	11	14	-21%
Total comprehensive income for the financial period	2,514	637	295%

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

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

	Group		
	3 Months Ended		
	31 March 2016 (Unaudited) S\$'000	31 March 2015 (Unaudited) S\$'000	Change %
Depreciation of plant and equipment - cost of sales	125	108	16%
Depreciation of plant and equipment – administrative expenses	82	94	-13%
Amortisation of intangible assets – other expenses	133	133	0%
Amortisation of intangible assets – administrative expenses	10	6	67%
Interest income	(79)	(21)	276%
Gain on exchange differences - net	(5)	(1)	400%

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 2016 (Unaudited) S\$'000	31 December 2015 (Audited) S\$'000	31 March 2016 (Unaudited) S\$'000	31 December 2015 (Audited) S\$'000
ASSETS				
Non-current assets				
Plant and equipment	3,619	3,639	144	153
Investment in subsidiaries	-	-	34,389	34,389
Intangible assets	25,603	25,162	7	8
Deferred tax assets	41	39	-	-
	<u>29,263</u>	<u>28,840</u>	<u>34,540</u>	<u>34,550</u>
Current assets				
Inventories	1,139	982	-	-
Trade and other receivables	1,648	1,905	2,776	2,598
Prepayments	54	107	10	9
Cash and cash equivalents	26,340	24,924	15,652	16,073
	<u>29,181</u>	<u>27,918</u>	<u>18,438</u>	<u>18,680</u>
TOTAL ASSETS	<u><u>58,444</u></u>	<u><u>56,758</u></u>	<u><u>52,978</u></u>	<u><u>53,230</u></u>
EQUITY AND LIABILITIES				
Equity				
Share capital	51,462	51,462	51,462	51,462
Reserves	(3,898)	(4,825)	-	-
Retained earnings	6,938	5,362	1,261	1,406
Equity attributable to owners of parent	<u>54,502</u>	<u>51,999</u>	<u>52,723</u>	<u>52,868</u>
Non-controlling interests	(63)	(74)	-	-
TOTAL EQUITY	<u>54,439</u>	<u>51,925</u>	<u>52,723</u>	<u>52,868</u>
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	823	842	-	-
Provisions	119	114	19	19
	<u>942</u>	<u>956</u>	<u>19</u>	<u>19</u>
Current liabilities				
Trade and other payables	2,556	3,410	235	342
Current income tax payable	507	467	1	1
	<u>3,063</u>	<u>3,877</u>	<u>236</u>	<u>343</u>
TOTAL LIABILITIES	<u>4,005</u>	<u>4,833</u>	<u>255</u>	<u>362</u>
TOTAL EQUITY AND LIABILITIES	<u><u>58,444</u></u>	<u><u>56,758</u></u>	<u><u>52,978</u></u>	<u><u>53,230</u></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	
	31 March 2016	31 March 2015
	(Unaudited)	(Unaudited)
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before income tax	1,922	1,179
Adjustments for:		
Depreciation of plant and equipment	207	202
Amortisation of intangible assets	143	139
Interest income	(79)	(21)
Interest expense	1	2
Operating cash flows before working capital changes	2,194	1,501
Working capital changes:		
- Inventories	(157)	(1,248)
- Trade and other receivables	247	(53)
- Prepayments	53	23
- Trade and other payables	(854)	740
Cash generated from operations	1,483	963
Income tax paid	(329)	(671)
Net cash from operating activities	1,154	292
Investing activities		
Purchase of plant and equipment	(35)	(471)
Purchase of intangible assets	(9)	-
Interest received	89	21
Net cash from/(used in) investing activities	45	(450)

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	Group	
	3 Months Ended	
	31 March 2016	31 March 2015
	(Unaudited)	(Unaudited)
	S\$'000	S\$'000
Financing activities		
Subscription of shares in subsidiaries by non-controlling interests	-	129
Net cash from financing activities	-	129
Net change in cash and cash equivalents	1,199	(29)
Cash and cash equivalents at beginning of financial period	24,924	27,267
Effects of exchange rate changes on cash and cash equivalents	217	(89)
Cash and cash equivalents at end of financial period	26,340	27,149

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
	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 2016	51,462	(3,572)	(1,253)	5,362	51,999	(74)	51,925
Profit for the financial period	-	-	-	1,576	1,576	15	1,591
Other comprehensive income							
Foreign currency translation differences – foreign operations	-	-	927	-	927	(4)	923
Total comprehensive income for the financial period	-	-	927	1,576	2,503	11	2,514
At 31 March 2016	51,462	(3,572)	(326)	6,938	54,502	(63)	54,439
At 1 January 2015	43,630	(3,572)	(296)	4,115	43,877	(197)	43,680
Profit for the financial period	-	-	-	757	757	11	768
Other comprehensive income							
Foreign currency translation differences – foreign operations	-	-	(134)	-	(134)	3	(131)
Total comprehensive income for the financial period	-	-	(134)	757	623	14	637
Transaction with non-controlling interests							
Subscription of shares in subsidiaries by non-controlling interests	-	-	-	-	-	129	129
Total transaction with non-controlling interests	-	-	-	-	-	129	129
At 31 March 2015	43,630	(3,572)	(430)	4,872	44,500	(54)	44,446

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Statement of Changes in Equity

Company (Unaudited)	Share capital S\$'000	Retained earnings S\$'000	Total Equity S\$'000
At 1 January 2016	51,462	1,406	52,868
Loss for the financial period, representing total comprehensive income for the financial period	-	(145)	(145)
	-	(145)	(145)
At 31 March 2016	51,462	1,261	52,723
At 1 January 2015	43,630	2,078	45,708
Loss for the financial period, representing total comprehensive income for the financial period	-	(299)	(299)
	-	(299)	(299)
At 31 March 2015	43,630	1,779	45,409

- 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

	Number of ordinary shares	Issued and paid-up share capital S\$
At 1 January 2016 and 31 March 2016	489,211,919	51,461,751

The Company did not have any outstanding options, convertibles or treasury shares as at 31 March 2016 and 31 March 2015. There have been no options and share awards granted pursuant to the Company's employee share options scheme and performance share plan.

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

	<u>31 March 2016</u>	<u>31 December 2015</u>
Total number of issued shares	489,211,919	489,211,919

The Company did not have any treasury shares as at 31 March 2016 and 31 December 2015.

- 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 financial reporting period are consistent with those disclosed in the audited financial statements for the financial year ended 31 December 2015.

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 2016. 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

	Group	
	3 months ended	
	31 March 2016 (Unaudited)	31 March 2015 (Unaudited)
Earnings per share ("EPS")		
Profit attributable to owners of the parent (S\$)	1,575,959	757,202
Weighted average number of ordinary shares in issue	489,211,919	458,500,000
Basic and fully diluted basis (Singapore cents) ⁽¹⁾	0.32	0.17

(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 2016	31 December 2015	31 March 2016	31 December 2015
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Net asset value (S\$)	54,438,825	51,924,698	52,722,720	52,867,863
Number of ordinary shares in issue	489,211,919	489,211,919	489,211,919	489,211,919
Net asset value per ordinary share (S\$)	0.11	0.11	0.11	0.11

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 2016 ("1Q2016") and 31 March 2015 ("1Q2015").

Consolidated Statement of Comprehensive Income

Revenue

The Group recorded revenue of S\$6,830,000 in 1Q2016, an increase of 7% from S\$6,373,000 in 1Q2015. The increase was attributable to higher revenue contribution from Malaysia operations, mainly due to the revenue contribution of S\$847,000 from Southern Specialist Eye Centre Sdn. Bhd. ("SSEC"), which was acquired on 8 December 2015, in 1Q2016. Revenue from Singapore operations had decreased by S\$399,000, mainly due to the cessation of clinic operations at Mount Elizabeth Novena Specialist Centre that was under International Specialist Eye Centre Pte. Ltd. ("ISEC Singapore") in October 2015.

Cost of sales

Cost of sales decreased marginally by 2%, or S\$80,000, from S\$3,481,000 in 1Q2015 to S\$3,401,000 in 1Q2016 mainly due to the decreased cost of sales incurred by ISEC Singapore in 1Q2016 as

compared to 1Q2015 due to the clinic closure as explained above, offset by the cost of sales incurred by SSEC in 1Q2016.

Gross profit and gross profit margin

Gross profit increased by 19% from S\$2,892,000 in 1Q2015 to S\$3,429,000 in 1Q2016, with an increase in gross profit margin of 4.8 percentage points from 45.4% in 1Q2015 to 50.2% in 1Q2016, mainly due to increased revenue contribution and business activities of Malaysia operations and reduced cost of sales incurred by Singapore operations with the clinic closure of ISEC Singapore.

Other income

There was an increase of S\$70,000 in other income from S\$38,000 in 1Q2015 to S\$108,000 in 1Q2016 mainly due to increased interest income from short-term deposit placements with banks by the Group of S\$58,000 (1Q2015: S\$21,000; 1Q2016: S\$79,000).

Selling and distribution expenses

Selling and distribution expenses decreased by 80% from S\$84,000 in 1Q2015 to S\$17,000 in 1Q2016. Expenses incurred in 1Q2015 in relation to marketing and advertising activities of S\$43,000 to promote the Group's operations in Singapore were discontinued in 1Q2016 with the Company's decision on the closure of ISEC Singapore. Marketing and advertising activities in Malaysia had also reduced by S\$25,000 in 1Q2016 compared to 1Q2015.

Administrative expenses

Administrative expenses decreased marginally by 4%, or S\$68,000, in 1Q2016 as compared to 1Q2015, mainly due to the closure of ISEC Singapore in October 2015 offset by the administrative expenses incurred by SSEC.

Other expenses

Other expenses in both 1Q2015 and 1Q2016 relate to the amortisation charge on the intangible assets arising from the acquisition of ISEC Eye Pte. Ltd. ("ISEC Eye").

Depreciation expenses

Depreciation expenses increased by 2% from S\$202,000 in 1Q2015 to S\$207,000 in 1Q2016 mainly due to the depreciation charge incurred by SSEC in 1Q2016. This was offset by decreased depreciation expenses in 1Q2016 in relation to ISEC Singapore as the clinic had closed in October 2015.

Income tax expense

The effective tax rates of the Group in 1Q2015 and 1Q2016 were 35% and 17% respectively. The effective tax rate of the Group was lower in 1Q2016 as the Group is expected to utilise tax credit for the losses incurred by ISEC Singapore in the financial year ended 31 December 2015 as well as the unutilised capital allowances from ISEC Singapore. The statutory corporate tax rates where the Group operates in are 17% in Singapore and 24% in Malaysia (1Q2015: 17% in Singapore and 25% in Malaysia).

Profit after tax

Net profit of the Group in 1Q2016 was S\$1,591,000, an increase of S\$823,000 compared to S\$768,000 in 1Q2015, mainly due to the abovementioned factors.

Consolidated Statement of Financial Position*Non-current assets*

Non-current assets (comprising plant and equipment, intangible assets and deferred tax assets) were S\$29,263,000 as at 31 March 2016, an increase of S\$423,000 from S\$28,840,000 as at 31 December 2015.

The increase was mainly due to an increase of intangible assets by S\$441,000. The increase was attributed to the increase in the Singapore Dollar translated carrying values of both the Group's goodwill arising from the acquisition of SSEC by S\$567,000 and other intangible assets (namely, computer software) by S\$8,000. Additional computer software of S\$9,000 was also purchased in 1Q2016. The increase in intangible assets was offset by amortisation expense of S\$143,000 incurred in 1Q2016.

The increase was offset marginally by a decrease in plant and equipment of S\$20,000. Depreciation expense of S\$207,000 recognised in 1Q2016 was offset by 1) the increase in the Singapore Dollar translated carrying values of the Group's plant and equipment by S\$152,000; and 2) additional plant and equipment (comprising mainly computer hardware and office equipment) totaling S\$35,000 purchased in 1Q2016.

Current assets

Current assets comprised inventories, trade and other receivables, prepayments and cash and cash equivalents. Current assets increased by S\$1,263,000 from S\$27,918,000 as at 31 December 2015 to S\$29,181,000 as at 31 March 2016, mainly due to increased net cash flows from operations. Trade and other receivables had decreased by S\$257,000, mainly due to speedier payments by the Group's corporate customers in Malaysia. Inventories had increased by S\$157,000 in anticipation of increasing business activities in Malaysia operations.

Current liabilities

Current liabilities decreased by approximately S\$814,000 from S\$3,877,000 as at 31 December 2015 to S\$3,063,000 as at 31 March 2016, mainly due to payments made to suppliers and bonus payout to staff.

Consolidated Statement of Cash Flows

As at 31 March 2016, the Group had cash and cash equivalents of S\$26,340,000, as compared to S\$27,149,000 of cash and cash equivalents as at 31 March 2015.

Cash flows from operating activities

The Group recorded an increase of S\$862,000 in net cash from operating activities in 1Q2016, from S\$292,000 in 1Q2015 to S\$1,154,000 in 1Q2016, mainly due to the increase in the Group's profit before tax recorded in 1Q2016 which was S\$743,000 higher compared to that in 1Q2015 and decreased net income tax payment of S\$342,000 in 1Q2016. Net working capital outflows had increased by S\$173,000 to S\$711,000 in 1Q2016, mainly due to decreased trade and other payables, offset by increased inventories and trade and other receivables.

Cash flows from investing activities

Net cash from investing activities in 1Q2016 amounted to S\$45,000, as compared to S\$450,000 net cash used in investing activities in 1Q2015, mainly due to the decrease in fixed asset additions by S\$436,000 in 1Q2016 compared to 1Q2015.

Cash flows from financing activities

There was no cash flow from financing activities in 1Q2016. Net cash from financing activities of S\$129,000 in 1Q2015 related to additional share injection by the non-controlling interests in the Company's 66% owned indirect subsidiary, ISEC (Penang) Sdn. Bhd. and share issuance in the Company's 55% owned indirect subsidiary, ISEC (Sibu) Sdn. Bhd..

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 business remains positive and mainly driven by the ageing population, increased awareness of eye disorders, increased uptake of private insurance and growth of medical tourism. The Group aims to expand into Asia Pacific Region and will consider the acquisition of assets, business and companies in similar specialty or are complementary to the Group's existing business.

During the 3 months ended 31 March 2016 under review, the exchange rate variance of Ringgit Malaysia against the Singapore Dollar was generally consistent. As the Group derives a portion of its revenue from Malaysia, the foreign exchange rate will affect the Group's performance going forward. The Group will monitor closely the impact of the foreign exchange rate on the Group's financial position.

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 1Q2015.

(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 1Q2016.

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 1Q2016.

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	(5,326) ⁽¹⁾	8,774
General working capital	2,500	-	(2,500) ⁽²⁾	-
Total	<u>16,300</u>	<u>300</u>	<u>(7,826)</u>	<u>8,774</u>

(1) Utilised for the acquisition of SSEC:

	<u>S\$'000</u>
Cash consideration	5,204
Administrative expenses	122
	<u>5,326</u>

(2) Utilised for:

	<u>S\$'000</u>
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 2016 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 May 2016

ISEC HEALTHCARE LTD.

(Company Registration No.201400185H)

*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 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 Keng Yeng Pheng, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.