

ISEC HEALTHCARE LTD.

(Company Registration No.201400185H)

**Unaudited Financial Statement and Dividend Announcement
For the Second Quarter Ended 30 June 2017**

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 | | | 6 Months Ended | | |
| | 30 June 2017 | 30 June 2016 | Change | 30 June 2017 | 30 June 2016 | Change |
| | (Unaudited) S\$'000 | (Unaudited) S\$'000 | % | (Unaudited) S\$'000 | (Unaudited) S\$'000 | % |
| Revenue | 9,249 | 8,235 | 12% | 17,710 | 15,065 | 18% |
| Cost of sales | (4,877) | (4,322) | 13% | (9,395) | (7,723) | 22% |
| Gross profit | 4,372 | 3,913 | 12% | 8,315 | 7,342 | 13% |
| Other item of income | | | | | | |
| Other income | 105 | 95 | 11% | 203 | 203 | 0% |
| Other items of expense | | | | | | |
| Selling and distribution expenses | (7) | (15) | -53% | (27) | (32) | -16% |
| Administrative expenses | (1,918) | (1,637) | 17% | (3,582) | (3,101) | 16% |
| Other expenses | (99) | (133) | -26% | (315) | (266) | 18% |
| Interest expense | (1) | (1) | 0% | (2) | (2) | 0% |
| Profit before income tax | 2,452 | 2,222 | 10% | 4,592 | 4,144 | 11% |
| Income tax expense | (502) | (483) | 4% | (978) | (814) | 20% |
| Profit for the financial period | 1,950 | 1,739 | 12% | 3,614 | 3,330 | 9% |

ISEC HEALTHCARE LTD.

(Company Registration No.201400185H)

| | Group | | | Group | | |
|--|----------------|---------|-------------|----------------|---------|--------|
| | 3 Months Ended | | | 6 Months Ended | | |
| | 30 June | 30 June | Change | 30 June | 30 June | Change |
| | 2017 | 2016 | | 2017 | 2016 | |
| (Unaudited) | (Unaudited) | | (Unaudited) | (Unaudited) | | |
| S\$'000 | S\$'000 | % | S\$'000 | S\$'000 | % | |
| Other comprehensive income | | | | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | | | | |
| Foreign currency translation differences - foreign operations | 334 | (580) | NM | (98) | 343 | NM |
| Other comprehensive income for the financial period, net of tax | 334 | (580) | NM | (98) | 343 | NM |
| Total comprehensive income for the financial period | 2,284 | 1,159 | 97% | 3,516 | 3,673 | -4% |
| Profit attributable to: | | | | | | |
| Owners of the parent | 1,961 | 1,720 | 14% | 3,621 | 3,296 | 10% |
| Non-controlling interests | (11) | 19 | NM | (7) | 34 | NM |
| Profit for the financial period | 1,950 | 1,739 | 12% | 3,614 | 3,330 | 9% |
| Total comprehensive income attributable to: | | | | | | |
| Owners of the parent | 2,291 | 1,139 | 101% | 3,520 | 3,642 | -3% |
| Non-controlling interests | (7) | 20 | NM | (4) | 31 | NM |
| Total comprehensive income for the financial period | 2,284 | 1,159 | 97% | 3,516 | 3,673 | -4% |

NM – Not meaningful

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

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

| | Group | | | Group | | |
|---|------------------------|------------------------|--------|------------------------|------------------------|--------|
| | 3 Months Ended | | | 6 Months Ended | | |
| | 30 June 2017 | 30 June 2016 | Change | 30 June 2017 | 30 June 2016 | Change |
| | (Unaudited) S\$'000 | (Unaudited) S\$'000 | % | (Unaudited) S\$'000 | (Unaudited) S\$'000 | % |
| Depreciation of plant and equipment - cost of sales | 151 | 130 | 16% | 287 | 255 | 13% |
| Depreciation of plant and equipment – administrative expenses | 93 | 83 | 12% | 177 | 165 | 7% |
| Amortisation of intangible assets – other expenses | 141 | 133 | 6% | 281 | 266 | 6% |
| Amortisation of intangible assets – administrative expenses | 17 | 13 | 31% | 34 | 23 | 48% |
| Interest income | (87) | (88) | -1% | (172) | (167) | 3% |
| (Gain)/ Loss on exchange differences - net | (45) | * | NM | 31 | (5) | NM |
| (Gain)/ Loss on disposal of plant and equipment | (2) | * | NM | (2) | * | NM |

* – Amount less than S\$1,000

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 June 2017 (Unaudited) S\$'000 | 31 December 2016 (Audited) S\$'000 | 30 June 2017 (Unaudited) S\$'000 | 31 December 2016 (Audited) S\$'000 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Plant and equipment | 3,858 | 3,967 | 104 | 118 |
| Investment in subsidiaries | - | - | 48,386 | 48,386 |
| Intangible assets | 38,742 | 39,111 | 4 | 5 |
| Deferred tax assets | 30 | 30 | - | - |
| | <u>42,630</u> | <u>43,108</u> | <u>48,494</u> | <u>48,509</u> |
| Current assets | | | | |
| Inventories | 1,289 | 1,218 | - | - |
| Trade and other receivables | 2,430 | 2,171 | 5,391 | 4,718 |
| Current tax assets | 92 | 103 | - | - |
| Prepayments | 129 | 176 | 7 | 14 |
| Cash and cash equivalents | 22,117 | 20,376 | 9,231 | 8,266 |
| | <u>26,057</u> | <u>24,044</u> | <u>14,629</u> | <u>12,998</u> |
| TOTAL ASSETS | <u>68,687</u> | <u>67,152</u> | <u>63,123</u> | <u>61,507</u> |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Share capital | 59,673 | 59,673 | 59,673 | 59,673 |
| Reserves | (5,408) | (5,307) | - | - |
| Retained earnings | 9,476 | 6,424 | 3,240 | 1,501 |
| Equity attributable to owners of parent | <u>63,741</u> | <u>60,790</u> | <u>62,913</u> | <u>61,174</u> |
| Non-controlling interests | 250 | (31) | - | - |
| TOTAL EQUITY | <u>63,991</u> | <u>60,759</u> | <u>62,913</u> | <u>61,174</u> |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| Deferred tax liabilities | 713 | 761 | - | - |
| Provisions | 201 | 198 | 19 | 19 |
| | <u>914</u> | <u>959</u> | <u>19</u> | <u>19</u> |
| Current liabilities | | | | |
| Trade and other payables | 3,102 | 4,919 | 190 | 313 |
| Current income tax payable | 680 | 515 | 1 | 1 |
| | <u>3,782</u> | <u>5,434</u> | <u>191</u> | <u>314</u> |
| TOTAL LIABILITIES | <u>4,696</u> | <u>6,393</u> | <u>210</u> | <u>333</u> |
| TOTAL EQUITY AND LIABILITIES | <u>68,687</u> | <u>67,152</u> | <u>63,123</u> | <u>61,507</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 6 Months Ended | |
|---|--|--|--|--|
| | 30 June 2017 (Unaudited) S\$'000 | 30 June 2016 (Unaudited) S\$'000 | 30 June 2017 (Unaudited) S\$'000 | 30 June 2016 (Unaudited) S\$'000 |
| Cash flows from operating activities | | | | |
| Profit before income tax | 2,452 | 2,222 | 4,592 | 4,144 |
| Adjustments for: | | | | |
| Depreciation of plant and equipment | 244 | 213 | 464 | 420 |
| Amortisation of intangible assets | 158 | 146 | 315 | 289 |
| Write-back of provisions/accruals | - | (2) | - | (2) |
| Plant and equipment written-off | - | - | * | - |
| (Gain)/ loss on disposal of plant and equipment | (2) | * | (2) | * |
| Interest income | (87) | (88) | (172) | (167) |
| Interest expense | 1 | 1 | 2 | 2 |
| Operating cash flows before working capital changes | 2,766 | 2,492 | 5,199 | 4,686 |
| Working capital changes: | | | | |
| - Inventories | (53) | 36 | (72) | (121) |
| - Trade and other receivables | (267) | (274) | (276) | (27) |
| - Prepayments | 56 | (28) | 48 | 25 |
| - Trade and other payables | 99 | (219) | (976) | (1,073) |
| Cash generated from operations | 2,601 | 2,007 | 3,923 | 3,490 |
| Income tax paid | (485) | (346) | (850) | (675) |
| Net cash from operating activities | 2,116 | 1,661 | 3,073 | 2,815 |

* – Amount less than S\$1,000

ISEC HEALTHCARE LTD.

(Company Registration No.201400185H)

| | Group 3 Months Ended | | Group 6 Months Ended | |
|---|--|--|--|--|
| | 30 June 2017 (Unaudited) S\$'000 | 30 June 2016 (Unaudited) S\$'000 | 30 June 2017 (Unaudited) S\$'000 | 30 June 2016 (Unaudited) S\$'000 |
| Investing activities | | | | |
| Purchase of plant and equipment | (240) | (204) | (295) | (239) |
| Purchase of intangible assets | (2) | (10) | (10) | (19) |
| Proceeds from disposal of plant and equipment | 14 | 2 | 14 | 2 |
| Interest received | 82 | 100 | 189 | 189 |
| Net cash used in investing activities | (146) | (112) | (102) | (67) |
| Financing activities | | | | |
| Dividends paid to shareholders | (569) | (1,076) | (569) | (1,076) |
| Dividends paid to vendors ⁽¹⁾ | (659) | - | (932) | - |
| Subscription of shares in subsidiaries by non-controlling interests | - | - | 285 | - |
| Net cash used in financing activities | (1,228) | (1,076) | (1,216) | (1,076) |
| Net increase in cash and cash equivalents | 742 | 473 | 1,755 | 1,672 |
| Cash and cash equivalents at beginning of financial period | 21,281 | 26,340 | 20,376 | 24,924 |
| Effects of exchange rate changes on cash and cash equivalents | 94 | (161) | (14) | 56 |
| Cash and cash equivalents at end of financial period | 22,117 | 26,652 | 22,117 | 26,652 |

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

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Statements of Changes in Equity

| | Attributable to owners of the company | | | | | | Total Equity |
|---|---------------------------------------|----------------|--------------------------------------|-------------------|--|---------------------------|---------------|
| | Share capital | Merger reserve | Foreign currency translation 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 | |
| Group (Unaudited) | | | | | | | |
| At 1 January 2017 | 59,673 | (3,572) | (1,735) | 6,424 | 60,790 | (31) | 60,759 |
| Profit for the financial period | - | - | - | 1,660 | 1,660 | 4 | 1,664 |
| Other comprehensive income | | | | | | | |
| Foreign currency translation differences – foreign operations | - | - | (431) | - | (431) | (1) | (432) |
| Total comprehensive income for the financial period | - | - | (431) | 1,660 | 1,229 | 3 | 1,232 |
| Transaction with non-controlling interests | | | | | | | |
| Subscription of shares in subsidiaries by non-controlling interests | - | - | - | - | - | 285 | 285 |
| Total transaction with non-controlling interests | - | - | - | - | - | 285 | 285 |
| At 31 March 2017 | 59,673 | (3,572) | (2,166) | 8,084 | 62,019 | 257 | 62,276 |
| At 1 April 2017 | 59,673 | (3,572) | (2,166) | 8,084 | 62,019 | 257 | 62,276 |
| Profit for the financial period | - | - | - | 1,961 | 1,961 | (11) | 1,950 |
| Other comprehensive income | | | | | | | |
| Foreign currency translation differences – foreign operations | - | - | 330 | - | 330 | 4 | 334 |
| Total comprehensive income for the financial period | - | - | 330 | 1,961 | 2,291 | (7) | 2,284 |
| Transaction with owners of the Company | | | | | | | |
| Dividends | - | - | - | (569) | (569) | - | (569) |
| Total transaction with owners of the Company | - | - | - | (569) | (569) | - | (569) |
| At 30 June 2017 | 59,673 | (3,572) | (1,836) | 9,476 | 63,741 | 250 | 63,991 |

Statements of Changes in Equity

| | Attributable to owners of the company | | | | | | Total Equity |
|---|---------------------------------------|----------------|--------------------------------------|-------------------|--|---------------------------|---------------|
| | Share capital | Merger reserve | Foreign currency translation 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 | |
| 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 April 2016 | 51,462 | (3,572) | (326) | 6,938 | 54,502 | (63) | 54,439 |
| Profit for the financial period | - | - | - | 1,720 | 1,720 | 19 | 1,739 |
| Other comprehensive income | | | | | | | |
| Foreign currency translation differences – foreign operations | - | - | (581) | - | (581) | 1 | (580) |
| Total comprehensive income for the financial period | - | - | (581) | 1,720 | 1,139 | 20 | 1,159 |
| Transaction with owners of the Company | | | | | | | |
| Dividends | - | - | - | (1,076) | (1,076) | - | (1,076) |
| Total transaction with owners of the Company | - | - | - | (1,076) | (1,076) | - | (1,076) |
| At 30 June 2016 | 51,462 | (3,572) | (907) | 7,582 | 54,565 | (43) | 54,522 |

Statements of Changes in Equity

| | Share capital S\$'000 | Retained earnings S\$'000 | Total Equity S\$'000 |
|---|--------------------------|------------------------------|-------------------------|
| Company (Unaudited) | | | |
| At 1 January 2017 | 59,673 | 1,501 | 61,174 |
| Loss for the financial period, representing total comprehensive income for the financial period | - | (112) | (112) |
| At 31 March 2017 | 59,673 | 1,389 | 61,062 |
| At 1 April 2017 | 59,673 | 1,389 | 61,062 |
| Profit for the financial period, representing total comprehensive income for the financial period | - | 2,420 | 2,420 |
| 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 |
| | | | |
| | Share capital S\$'000 | Retained earnings S\$'000 | Total Equity S\$'000 |
| Company (Unaudited) | | | |
| 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) |
| At 31 March 2016 | 51,462 | 1,261 | 52,723 |
| At 1 April 2016 | 51,462 | 1,261 | 52,723 |
| Profit for the financial period, representing total comprehensive income for the financial period | - | 1,065 | 1,065 |
| Transaction with owners of the Company | | | |
| Dividends | - | (1,076) | (1,076) |
| Total transaction with owners of the Company | - | (1,076) | (1,076) |
| At 30 June 2016 | 51,462 | 1,250 | 52,712 |

- 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 31 March 2017 and 30 June 2017 | 517,095,669 | 59,672,457 |

The Company did not have any outstanding options or convertibles as at 30 June 2017 and 30 June 2016. 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 June 2017 and 30 June 2016.

- 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**

| | 30 June 2017 | 31 December 2016 |
|-------------------------------|---------------------|-------------------------|
| Total number of issued shares | 517,095,669 | 517,095,669 |

There were no treasury shares as at 30 June 2017 and 31 December 2016.

- 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 2016.

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 2017. 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") | Group | | Group | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 3 months ended | | 6 months ended | |
| | 30 June 2017 (Unaudited) | 30 June 2016 (Unaudited) | 30 June 2017 (Unaudited) | 30 June 2016 (Unaudited) |
| Profit attributable to owners of the parent (S\$'000) | 1,961 | 1,720 | 3,621 | 3,296 |
| Weighted average number of ordinary shares in issue | 517,095,669 | 489,211,919 | 517,095,669 | 489,211,919 |
| Basic and fully diluted basis (Singapore cents) ⁽¹⁾ | 0.38 | 0.35 | 0.70 | 0.67 |

(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 June 2017 (Unaudited) | 31 December 2016 (Audited) | 30 June 2017 (Unaudited) | 31 December 2016 (Audited) |
| | Net asset value attributable to owners of the parent (S\$'000) | 63,741 | 60,790 | 62,913 |
| 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 | 0.12 | 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 June 2017 ("2Q2017") and 30 June 2016 ("2Q2016").

Consolidated Statement of Comprehensive Income

Revenue

The Group recorded revenue of S\$9.25 million in 2Q2017, an increase of 12%. The increase in revenue was mainly attributable to revenue of S\$1.02 million generated from JL Medical (Bukit Batok) Pte. Ltd., JL Medical (Sembawang) Pte. Ltd., JL Medical (Woodlands) Pte. Ltd. and JL Medical (Yew Tee) Pte. Ltd (collectively, the "JLM Companies"), which were acquired on 1 December 2016.

Cost of sales

Cost of sales increased by 13%, or S\$0.56 million, to S\$4.88 million in 2Q2017 in tandem with the increase in revenue.

Gross profit and gross profit margin

Gross profit increased by 12% to S\$4.37 million in 2Q2017, which is generally consistent with the increase in revenue and the corresponding cost of sales between 2Q2016 and 2Q2017. Gross profit margins for both periods are generally consistent too, from 47.5% in 2Q2016 to 47.3% in 2Q2017.

Administrative expenses

Administrative expenses increased by 17%, or S\$0.28 million, in 2Q2017 mainly due to staff costs, rental of clinic premises, depreciation charges on renovation and office equipment, and other operating expenses of the JLM Companies which were absent in 2Q2016.

Depreciation expenses

Depreciation expenses increased by 14% from S\$0.21 million in 2Q2016 to S\$0.24 million in 2Q2017 mainly due to the inclusion of depreciation charge incurred by JLM Companies of S\$0.02 million, as well as additional depreciation charge incurred from fixed asset additions by the Group's Malaysian operations.

Income tax expense

The effective tax rates of the Group in 2Q2016 and 2Q2017 were 22% and 21% respectively. The statutory corporate tax rates are 17% in Singapore and 24% in Malaysia. The effective tax rate of the Group in 2Q2017 was lower due to lower effective tax rate enjoyed by JLM Companies, arising mainly from partial tax exemptions.

Profit after tax

Net profit of the Group in 2Q2017 was S\$1.95 million, an increase of S\$0.21 million compared to S\$1.74 million in 2Q2016, mainly due to the above mentioned factors.

Consolidated Statement of Financial Position*Non-current assets*

Non-current assets (comprising plant and equipment, intangible assets and deferred tax assets) were S\$42.63 million as at 30 June 2017, a decrease of S\$0.48 million.

The decrease of S\$0.37 million in intangible assets was mainly due to amortisation expense of S\$0.28 million on contractual relationships arising from the acquisition of ISEC Eye Pte. Ltd. and customer relationships arising from the acquisition of JLM Companies, and a reduction of S\$0.06 million in the Singapore Dollar-translated carrying value of the goodwill which arose from the acquisition of Southern Specialist Eye Centre Sdn. Bhd. ("SSEC").

Plant and equipment decreased by S\$0.11 million to S\$3.86 million as at 30 June 2017, mainly due to depreciation expenses of S\$0.46 million and disposal of plant and equipment amounting to S\$0.01 million, offset by additional medical equipment purchased amounting to S\$0.39 million as at 30 June 2017.

Current assets

Current assets increased by S\$2.01 million mainly as a result of increased revenue which is consistent with the increased patient visits over the 6 months period ended 30 June 2017.

Current liabilities

Current liabilities decreased by S\$1.65 million to S\$3.78 million as at 30 June 2017, mainly due to dividends of S\$0.93 million paid to the vendors of JLM Companies (which were declared before the completion of the acquisition by the Company) and payments of previously accrued bonuses to the Group's doctors and staff of S\$0.90 million, offset by increased trade payables of S\$0.16 million mainly from increased procurement of inventories in anticipation of increases in operations.

Consolidated Statement of Cash Flows

As at 30 June 2017, the Group had cash and cash equivalents of S\$22.12 million, as compared to S\$26.65 million of cash and cash equivalents as at 30 June 2016.

Cash flows from operating activities

In 2Q2017, net cash flows from operating activities was recorded at S\$2.12 million. This comprised operating cash flows before working capital changes of S\$2.77 million, less income tax paid of S\$0.46 million and changes in working capital outflow of S\$0.17 million, arose mainly from increased trade and other receivables, in line with increased sales revenue during the period.

Cash flows used in investing activities

Net cash used in investing activities in 2Q2017 amounted to S\$0.15 million mainly due to purchase of fixed assets by Malaysia operations. The outflow was offset by interest income received of S\$0.08 million.

Cash flows used in financing activities

Net cash used in financing activities of S\$1.23 million pertained to dividends paid of S\$0.57 million and S\$0.66 million to shareholders of the Company and vendors of JLM Companies respectively during the period.

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.

A significant portion of the Group's revenue is contributed by our Malaysian operations. The movement in medical tourism in Malaysia is expected to be closely correlated to the weakening of the Malaysian Ringgit that would result in 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 expects the general operating environment of the healthcare industry to remain challenging for the next 12 months due to overall dampening of the economic climate in Singapore and the region.

Nevertheless, the Group will continue to remain focus to grow its talent pool and stay at the forefront of the ophthalmology services industry by driving innovation and adopting cutting-edge procedures and technology to offer its patients the best possible treatment.

11. Dividend

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

Yes.

| | |
|------------------|---|
| Name of dividend | First Interim Dividend |
| Dividend type | Cash |
| Dividend rate | 0.5 Singapore cents (S\$0.005) per ordinary share |
| Tax rate | Tax exempt (one-tier) |

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

Yes.

| | |
|------------------|---|
| Name of dividend | First Interim Dividend |
| Dividend type | Cash |
| Dividend rate | 0.22 Singapore cents (S\$0.0022) per ordinary share |
| Tax rate | Tax exempt (one-tier) |

(c) Date payable:

The date payable for the proposed interim dividend will be announced at a later date.

(d) Books closure date:

The books closure date will be announced at a later date.

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

Not applicable.

13. If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

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

There was no IPT of S\$100,000 and above for 2Q2017.

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 | (12,565) ⁽¹⁾ | 1,535 |
| General working capital | 2,500 | - | (2,500) ⁽²⁾ | - |
| Total | 16,300 | 300 | (15,065) | 1,535 |

(1) Utilised for the acquisition of SSEC and JLM Companies:

| | <u>Acquisition of SSEC (S\$'000)</u> | <u>Acquisition of the JLM Companies (S\$'000)</u> | <u>Total (S\$'000)</u> |
|-------------------------|--|---|----------------------------|
| Cash consideration | 5,204 | 6,971 | 12,175 |
| Administrative expenses | 122 | 268 | 390 |
| Total | 5,326 | 7,239 | 12,565 |

(2) Utilised for general working capital:

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

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 6-month financial period ended 30 June 2017 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dr Wong Jun Shyan
Executive Director and Chief Executive Officer
8 August 2017

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).