

ISEC HEALTHCARE LTD.

(Company Registration No.201400185H)

**Unaudited Financial Statement
For the Second Quarter Ended 30 June 2020**

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			Group 6 Months Ended		
	30 June 2020 (Unaudited) S\$'000	30 June 2019 (Unaudited) S\$'000	Change %	30 June 2020 (Unaudited) S\$'000	30 June 2019 (Unaudited) S\$'000	Change %
Revenue	5,773	10,493	-45%	15,038	20,429	-26%
Cost of sales	(3,685)	(5,593)	-34%	(8,995)	(10,682)	-16%
Gross profit	2,088	4,900	-57%	6,043	9,747	-38%
Other item of income						
Other income	454	69	NM	652	296	NM
Other items of expense						
Selling and distribution expenses	(8)	(17)	-53%	(30)	(24)	25%
Administrative expenses	(2,023)	(2,097)	-4%	(4,119)	(4,103)	0%
Other expenses	(1,127)	(1,043)	8%	(1,269)	(1,185)	7%
Finance costs	(96)	(59)	63%	(170)	(132)	29%
Share of results of associate	(9)	(11)	-18%	(18)	(26)	-31%
(Loss)/profit before income tax	(721)	1,742	NM	1,089	4,573	-76%
Income tax expense	(172)	(648)	-73%	(589)	(1,258)	-53%
(Loss)/profit for the financial period	(893)	1,094	NM	500	3,315	-85%

NM – Not meaningful

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	Group			Group		
	3 Months Ended			6 Months Ended		
	30 June	30 June	Change	30 June	30 June	Change
	2020	2019		2020	2019	
(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 of subsidiaries	(554)	(356)	56%	(286)	(204)	40%
Other comprehensive income for the financial period, net of tax	(554)	(356)	56%	(286)	(204)	40%
Total comprehensive income for the financial period	(1,447)	738	NM	214	3,111	-93%
Profit attributable to:						
Owners of the parent	(826)	1,144	NM	635	3,359	-81%
Non-controlling interests	(67)	(50)	34%	(135)	(44)	NM
(Loss)/profit for the financial period	(893)	1,094	NM	500	3,315	-85%
Total comprehensive income attributable to:						
Owners of the parent	(1,379)	797	NM	350	3,159	-89%
Non-controlling interests	(68)	(59)	15%	(136)	(48)	NM
Total comprehensive income for the financial period	(1,447)	738	NM	214	3,111	-93%

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	30 June	Change	30 June	30 June	Change
	2020	2019		2020	2019	
(Unaudited)	(Unaudited)	%	(Unaudited)	(Unaudited)	%	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation of plant and equipment - cost of sales	182	168	8%	358	311	15%
Depreciation of right-of-use assets - cost of sales	111	92	21%	224	185	21%
Depreciation of plant and equipment – administrative expenses	105	102	3%	201	189	6%
Depreciation of right-of-use assets – administrative expenses	264	259	2%	522	554	-6%
Amortisation of intangible assets – other expenses	140	140	0%	280	280	0%
Amortisation of intangible assets – administrative expenses	9	16	-44%	18	32	-44%
Interest income	(80)	(123)	-35%	(175)	(256)	-32%
Interest income – net investment in sublease	(2)	(2)	0%	(4)	(5)	-20%
Other income – government grants	(312)	-	NM	(331)	(19)	NM
Other income – rental rebate	(83)	-	NM	(94)	-	NM
Interest expense – lease liabilities	67	59	14%	132	131	1%
Loss on exchange differences - net	106	152	-30%	53	86	-38%
Loss on disposal of plant and equipment	-	3	NM	-	3	NM
Plant and equipment written-off	-	18	NM	-	18	NM
Write-back of expected credit losses, net	(15)	(2)	NM	(21)	(3)	NM
Impairment loss for goodwill	934	800	17%	934	800	17%
Share-based compensation expenses	20	-	NM	20	-	NM

NM – Not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	30 June 2020 (Unaudited) S\$'000	31 December 2019 (Audited) S\$'000	30 June 2020 (Unaudited) S\$'000	31 December 2019 (Audited) S\$'000
ASSETS				
Non-current assets				
Plant and equipment	4,107	3,957	13	25
Right-of-use assets	5,135	4,130	11	45
Intangible assets - goodwill	42,537	33,712	-	-
Intangible assets - others	2,423	2,646	-	-
Investment in subsidiaries	-	-	58,156	52,669
Investment in associate	169	186	-	-
Net investment of sublease	150	181	-	-
Deferred tax assets	119	114	12	12
	54,640	44,926	58,192	52,751
Current assets				
Inventories	1,369	1,208	-	-
Trade receivables, net ⁽¹⁾	1,739	2,563	-	6
Other receivables and deposits	589	522	8,668	9,966
Prepayments	846	237	8	20
Net investment of sublease	61	60	-	-
Cash and cash equivalents ⁽¹⁾	22,909	25,657	6,943	5,764
	27,513	30,247	15,619	15,756
TOTAL ASSETS	82,153	75,173	73,811	68,507
EQUITY AND LIABILITIES				
EQUITY				
Share capital	70,054	64,741	70,054	64,741
Treasury share reserve	(105)	(105)	(105)	(105)
Other reserves	(7,805)	(7,540)	20	-
Retained earnings	4,502	6,529	804	3,359
Equity attributable to owners of Company	66,646	63,625	70,773	67,995
Non-controlling interests	681	478	-	-
TOTAL EQUITY	67,327	64,103	70,773	67,995
LIABILITIES				
Non-current liabilities				
Other payables	539	-	-	-
Provisions	161	162	21	20
Lease liabilities	4,141	3,170	-	-
Deferred tax liabilities	426	451	-	-
	5,267	3,783	21	20

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	Group		Company	
	30 June 2020 (Unaudited) S\$'000	31 December 2019 (Audited) S\$'000	30 June 2020 (Unaudited) S\$'000	31 December 2019 (Audited) S\$'000
Current liabilities				
Trade payables	981	1,384	-	-
Other payables	4,637	602	2,844	71
Advances	239	227	-	-
Accrued expenses	360	472	66	193
Payroll payable	1,070	2,060	69	165
Lease liabilities	1,547	1,544	12	47
Current income tax payable	725	998	26	16
	9,559	7,287	3,017	492
TOTAL LIABILITIES	14,826	11,070	3,038	512
TOTAL EQUITY AND LIABILITIES	82,153	75,173	73,811	68,507

(1) Breakdown of the following in the respective currencies:

	Group		Company	
	30 June 2020 S\$'000	31 December 2019 S\$'000	30 June 2020 S\$'000	31 December 2019 S\$'000
Trade receivables, net denominated in the following currencies:				
Singapore Dollar	811	1,449	-	6
Ringgit Malaysia	927	1,114	-	-
Myanmar Kyat	1	*	-	-
	1,739	2,563	-	6
Cash and cash equivalents denominated in the following currencies:				
Singapore Dollar	8,990	8,822	6,943	5,764
Ringgit Malaysia	13,637	16,795	-	-
Myanmar Kyat	45	13	-	-
United States Dollar	237	27	-	-
	22,909	25,657	6,943	5,764

* Less than S\$1,000.

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 June 2020		As at 31 December 2019	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	1,547 ⁽¹⁾	-	1,544 ⁽¹⁾

Amount repayable after one year

As at 30 June 2020		As at 31 December 2019	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	4,141 ⁽¹⁾	-	3,170 ⁽¹⁾

 (1) As a result of the adoption of SFRS(I) 16 *Leases* since 1 January 2019.

Details of any collateral

Not applicable. The Group did not have any secured borrowings or debts securities as at 30 June 2020 and 31 December 2019.

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 2020 (Unaudited) S\$'000	30 June 2019 (Unaudited) S\$'000	30 June 2020 (Unaudited) S\$'000	30 June 2019 (Unaudited) S\$'000
Cash flows from operating activities				
(Loss)/profit before income tax	(721)	1,742	1,089	4,573
Adjustments for:				
Write-back of expected credit losses, net	(15)	(2)	(21)	(3)
Amortisation of intangible assets	149	156	298	312
Depreciation of plant and equipment and right-of-use assets	662	621	1,305	1,239
Interest income	(82)	(125)	(179)	(261)
Interest expense	96	59	170	132
Impairment loss for goodwill	934	800	934	800
Loss on disposal of plant and equipment	-	3	-	3
Plant and equipment written-off	-	18	-	18
Share-based compensation expenses	20	-	20	-
Share of results in associate	9	11	18	26
Operating cash flows before working capital changes	1,052	3,283	3,634	6,839
Working capital changes:				
- Inventories	90	115	(48)	(14)
- Trade and other receivables	827	277	953	(109)
- Prepayments	5	(71)	(9)	(46)
- Trade and other payables	71	77	(2,083)	(653)
Cash generated from operations	2,045	3,681	2,447	6,017
Income tax paid	(565)	(769)	(950)	(1,211)
Net cash from operating activities	1,480	2,912	1,497	4,806

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	Group 3 Months Ended		Group 6 Months Ended	
	30 June 2020 (Unaudited) S\$'000	30 June 2019 (Unaudited) S\$'000	30 June 2020 (Unaudited) S\$'000	30 June 2019 (Unaudited) S\$'000
Investing activities				
Proceeds from disposal of plant and equipment	-	16	-	16
Purchase of property, plant and equipment	(24)	(170)	(682)	(383)
Purchase of intangible assets	(71)	-	(76)	-
Acquisition of a subsidiary, net of cash acquired	-	-	(2,946)	-
Interest received	80	121	175	245
Net cash used in investing activities	(15)	(33)	(3,529)	(122)
Financing activities				
Dividends paid	-	(9,369)	-	(9,369)
Subscription of shares in subsidiaries by non-controlling interests	-	134	234	381
Share issue expenses	-	(15)	(16)	(15)
Purchase of treasury shares	-	-	-	(105)
Purchase of shares in subsidiary from non-controlling interest	-	(80)	-	(80)
Principal element of lease liabilities	(342)	(318)	(777)	(739)
Interest paid	(50)	(51)	(100)	(120)
Net cash used in financing activities	(392)	(9,699)	(659)	(10,047)
Net increase/(decrease) in cash and cash equivalents	1,073	(6,820)	(2,691)	(5,363)
Cash and cash equivalents at beginning of financial period	21,944	28,599	25,657	27,105
Effects of exchange rate changes on cash and cash equivalents	(108)	(108)	(57)	(71)
Cash and cash equivalents at end of financial period	22,909	21,671	22,909	21,671

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

Statements of Changes in Equity

Group (Unaudited)	Attributable to owners of the company							Non- controlling interests	Total equity
	Share capital	Treasury share reserve	Foreign currency translation reserve	Merger reserve	Capital reserve	Retained earnings	Equity attributable to owners of the company		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		
At 1 January 2020	64,741	(105)	495	(3,572)	(4,463)	6,529	63,625	478	64,103
Profit for the financial period	-	-	-	-	-	1,461	1,461	(68)	1,393
Other comprehensive income									
Foreign currency translation	-	-	268	-	-	-	268	-	268
Total comprehensive income for the financial period	-	-	268	-	-	1,461	1,729	(68)	1,661
Transactions with owners of the Company									
Issuance of ordinary shares ⁽¹⁾	5,329	-	-	-	-	-	5,329	-	5,329
Shares issue expenses	(16)	-	-	-	-	-	(16)	-	(16)
Total transactions with owners of the Company	5,313	-	-	-	-	-	5,313	-	5,313
Transaction with non-controlling interests									
Subscription of shares in subsidiary by non-controlling interests ⁽²⁾	-	-	-	-	-	-	-	339	339
Total transaction with non-controlling interests	-	-	-	-	-	-	-	339	339
At 31 March 2020	70,054	(105)	763	(3,572)	(4,463)	7,990	70,667	749	71,416

(1) On 27 February 2020, the Company, through its wholly-owned subsidiary, ISEC Sdn. Bhd. ("ISEC KL"), completed the acquisition of Indah Specialist Eye Centre Sdn. Bhd. ("Indah Specialist"), by way of the allotment and issuance of 17,950,913 consideration shares, equivalent to fair value consideration of S\$5,329,000 to the Vendors.

(2) As at 31 March 2020, ISEC Myanmar Company Limited ("ISEC Myanmar"), a 51% owned indirect subsidiary of the Company, has undertaken share capital injection, resulting in an increase from S\$1,365,000 (equivalent to US\$1,000,000) to S\$2,040,000 (equivalent to US\$1,500,000), through issuance of shares allotted to the existing shareholders of the subsidiary in equal proportion to their existing shareholdings.

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Statements of Changes in Equity

Group (Unaudited)	Attributable to owners of the company								Non- controlling interests	Total equity
	Share capital	Treasury share reserve	Foreign currency translation reserve	Merger reserve	Capital reserve	Share option reserve	Retained earnings	Equity attributable to owners of the company		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		
At 1 April 2020	70,054	(105)	763	(3,572)	(4,463)	-	7,990	70,667	749	71,416
Loss for the financial period	-	-	-	-	-	-	(826)	(826)	(67)	(893)
Other comprehensive income										
Foreign currency translation	-	-	(553)	-	-	-	-	(553)	(1)	(554)
Total comprehensive income for the financial period	-	-	(553)	-	-	-	(826)	(1,379)	(68)	(1,447)
Transactions with owners of the Company										
Dividends	-	-	-	-	-	-	(2,662)	(2,662)	-	(2,662)
Grant of share options to employees ⁽¹⁾	-	-	-	-	-	20	-	20	-	20
Total transactions with owners of the Company	-	-	-	-	-	20	(2,662)	(2,642)	-	(2,642)
At 30 June 2020	70,054	(105)	210	(3,572)	(4,463)	20	4,502	66,646	681	67,327

(1) The Company has granted 3,809,150 options under the ISEC Healthcare Share Option Scheme on 22 April 2020.

Statements of Changes in Equity

Group (Unaudited) (Restated)	Attributable to owners of the company							Non- controlling interests	Total equity
	Share capital	Treasury share reserve	Foreign currency translation reserve	Merger reserve	Capital reserve	Retained earnings	Equity attributable to owners of the company		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		
At 1 January 2019									
As previously reported	59,673	-	529	(3,572)	31	10,196	66,857	745	67,602
Effect of adoption of SFRS(I) 16	-	-	-	-	-	(166)	(166)	(29)	(195)
As restated	59,673	-	529	(3,572)	31	10,030	66,691	716	67,407
Profit for the financial period	-	-	-	-	-	2,215	2,215	6	2,221
Other comprehensive income									
Foreign currency translation	-	-	147	-	-	-	147	5	152
Total comprehensive income for the financial period	-	-	147	-	-	2,215	2,362	11	2,373
Transaction with owners of the Company									
Purchase of treasury shares	-	(105)	-	-	-	-	(105)	-	(105)
Total transaction with owners of the Company	-	(105)	-	-	-	-	(105)	-	(105)
Transaction with non-controlling interests									
Subscription of shares in subsidiary by non-controlling interests ⁽¹⁾	-	-	-	-	-	-	-	247	247
Total transaction with non-controlling interests	-	-	-	-	-	-	-	247	247
At 31 March 2019	59,673	(105)	676	(3,572)	31	12,245	68,948	974	69,922

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

Statements of Changes in Equity

Group (Unaudited) (Restated)	Attributable to owners of the company							Non- controlling interests	Total equity
	Share capital	Treasury share reserve	Foreign currency translation reserve	Merger reserve	Capital reserve	Retained earnings	Equity attributable to owners of the company		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		
At 1 April 2019	59,673	(105)	676	(3,572)	31	12,245	68,948	974	69,922
Profit for the financial period	-	-	-	-	-	1,144	1,144	(50)	1,094
Other comprehensive income									
Foreign currency translation	-	-	(347)	-	-	-	(347)	(9)	(356)
Total comprehensive income for the financial period	-	-	(347)	-	-	1,144	797	(59)	738
Transactions with owners of the Company									
Issuance of ordinary shares ⁽¹⁾	5,083	-	-	-	-	-	5,083	-	5,083
Shares issue expenses	(15)	-	-	-	-	-	(15)	-	(15)
Dividends	-	-	-	-	-	(9,369)	(9,369)	-	(9,369)
Total transactions with owners of the Company	5,068	-	-	-	-	(9,369)	(4,301)	-	(4,301)
Transactions with non-controlling interests									
Subscription of shares in subsidiary by non-controlling interests ⁽²⁾	-	-	-	-	-	-	-	134	134
Acquisition of non-controlling interests' shares without a change in control ⁽¹⁾	-	-	-	-	(4,494)	-	(4,494)	(669)	(5,163)
Total transactions with non-controlling interests	-	-	-	-	(4,494)	-	(4,494)	(535)	(5,029)
At 30 June 2019	64,741	(105)	329	(3,572)	(4,463)	4,020	60,950	380	61,330

(1) On 23 April 2019, the Company, through its wholly-owned subsidiary, ISEC Sdn. Bhd. ("ISEC KL"), has completed the acquisition of the remaining 49% shareholding in ISEC (Penang) Sdn. Bhd. ("ISEC Penang"), by way of the allotment and issuance of 15,639,275 consideration shares, equivalent to fair value consideration of S\$5,083,000 to the non-controlling interests.

(2) In April 2019, ISEC Myanmar has increased its share capital from S\$542,000 (equivalent to US\$400,000) to S\$815,000 (equivalent to US\$600,000), through issuance of shares allotted to the existing shareholders of the subsidiary in equal proportion to their existing shareholdings.

Statements of Changes in Equity

	Share capital	Treasury share reserve	Share option reserve	Retained earnings	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company (Unaudited)					
At 1 January 2020	64,741	(105)	-	3,359	67,995
Loss for the financial period, representing total comprehensive income for the financial period	-	-	-	(68)	(68)
Transactions with owners of the Company					
Issuance of ordinary shares	5,329	-	-	-	5,329
Share issues expenses	(16)	-	-	-	(16)
Total transactions with owners of the Company	5,313	-	-	-	5,313
At 31 March 2020	70,054	(105)	-	3,291	73,240
At 1 April 2020	70,054	(105)	-	3,291	73,240
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	175	175
Transaction with owners of the Company					
Dividends	-	-	-	(2,662)	(2,662)
Grant of share options to employees ⁽¹⁾	-	-	20	-	20
Total transaction with owners of the Company	-	-	20	(2,662)	(2,642)
At 30 June 2020	70,054	(105)	20	804	70,773

(1) The Company has granted 3,809,150 options under the ISEC Healthcare Share Option Scheme on 22 April 2020.

Statements of Changes in Equity

	Share capital S\$'000	Treasury share reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
Company (Unaudited)				
At 1 January 2019				
As previously reported	59,673	-	9,512	69,185
Effect of adoption of SFRS(I) 16	-	-	(3)	(3)
As restated	59,673	-	9,509	69,182
Loss for the financial period, representing total comprehensive income for the financial period	-	-	(95)	(95)
Transaction with owners of the Company				
Purchase of treasury shares	-	(105)	-	(105)
Total transaction with owners of the Company	-	(105)	-	(105)
At 31 March 2019	59,673	(105)	9,414	68,982
At 1 April 2019	59,673	(105)	9,414	68,982
Profit for the financial period, representing total comprehensive income for the financial period	-	-	2,897	2,897
Transactions with owners of the Company				
Issuance of ordinary shares	5,083	-	-	5,083
Shares issue expenses	(15)	-	-	(15)
Dividends	-	-	(9,369)	(9,369)
Total transactions with owners of the Company	5,068	-	(9,369)	(4,301)
At 30 June 2019	64,741	(105)	2,942	67,578

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Issued Share Capital

	Number of ordinary shares	Issued and paid- up share capital S\$'000
At 31 December 2019	532,734,944	64,741
Issuance of consideration shares for the acquisition of Indah Specialist	17,950,913	5,329
	550,685,857	70,070
Less: Share issue expenses capitalised	-	(16)
At 30 June 2020	550,685,857	70,054

As at 30 June 2020, the number of ordinary shares in issue was 550,685,857 of which 386,400 were held by the Company as treasury shares. There were 386,400 treasury shares as at 30 June 2019.

Outstanding Convertibles

On 22 April 2020, the Company granted 3,809,150 options under the ISEC Healthcare Share Option Scheme, of which 427,590 options from the total 3,809,150 options were granted to 4 eligible Directors.

There were no share awards granted pursuant to the Company's performance share plan as at 30 June 2020.

Save for the above, the Company did not have any outstanding options or convertibles as at 30 June 2019. There were no options and share awards granted pursuant to the Company's employee share options scheme and performance share plan as at 30 June 2019.

Treasury Shares

There were 386,400 treasury shares representing 0.070% of the Company's 550,299,457 ordinary shares (excluding treasury shares) as at 30 June 2020. There were 386,400 treasury shares as at 30 June 2019.

Subsidiary Holdings

There were no subsidiary holdings as at 30 June 2020 and 30 June 2019.

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>As at 30 June 2020</u>	<u>As at 31 December 2019</u>
Total number of issued shares (excluding treasury shares)	550,299,457	532,348,544

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

Not applicable. There were no sales, transfers, cancellation and/or use of treasury shares during and as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on

Not applicable. There were no subsidiary holdings during and as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: -

(a) Updates on the efforts taken to resolve each outstanding audit issue

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable as the Group's financials are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

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 2019.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for the financial period beginning on or after 1 January 2020. The adoption of these new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group.

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 2020 (Unaudited)	30 June 2019 (Unaudited)	30 June 2020 (Unaudited)	30 June 2019 (Unaudited)
(Loss)/profit attributable to owners of the parent (S\$'000)	(826)	1,144	635	3,359
Weighted average number of ordinary shares in issue (excluding treasury shares)	550,299,457	528,567,620	544,677,468	522,711,916
Basic (Singapore cents)	(0.15)	0.22	0.12	0.64
Adjusted weighted average number of ordinary shares in issue (excluding treasury shares) ⁽¹⁾	553,229,572	528,567,620	546,142,525	522,711,916
Fully diluted basis (Singapore cents)	(0.15)	0.22	0.12	0.64

(1) The Company has granted 3,809,150 options under the ISEC Healthcare Share Option Scheme on 22 April 2020.

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 2020 (Unaudited)	31 December 2019 (Audited)	30 June 2020 (Unaudited)	31 December 2019 (Audited)
	Net asset value attributable to owners of the parent (S\$'000)	66,646	63,625	70,773
Number of ordinary shares in issue (excluding treasury shares)	550,299,457	532,348,544	550,299,457	532,348,544
Net asset value per ordinary share (S\$)	0.12	0.12	0.13	0.13

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss: -

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Review of comparative performance of the Group for the 6 months ended 30 June 2020 ("1H2020") and 30 June 2019 ("1H2019"), and 3 months ended 30 June 2020 ("2Q2020") and 30 June 2019 ("2Q2019") where applicable.

Consolidated Statement of Comprehensive Income

Revenue

The Group recorded revenue of S\$15.04 million in 1H2020, a decrease of 26% from S\$20.43 million in 1H2019. This was mainly due to decreased business activities from the Group's specialised health services segment in both Malaysia and Singapore, due to the outbreak of the COVID-19 pandemic ("COVID-19") in both regions.

In Singapore, patient visits have decreased significantly since the start of COVID-19. Additionally, the reduction in business was also contributed by the entry restrictions imposed on foreign patients seeking healthcare treatment in Singapore. Singapore had entered Phase 2 of the country's reopening on 19 June 2020, during which all eye consultations and procedures were allowed to be performed. However, with the restrictions of foreign patient visits and the requirements of safe distancing measures, patient visits continued to be adversely affected.

In Malaysia, the enforcement of the Movement Control Order ("MCO") has also seen economic activity slowing down significantly. The country had entered the "Recovery Movement Control Order" ("RMCO") on 10 June 2020, with further restrictions eased and interstate travels allowed. However, foreign patients are still prohibited from entering Malaysia to seek healthcare treatment, thereby contributing to the reduction in revenue.

Cost of sales

Cost of sales decreased by 16%, or S\$1.68 million, from S\$10.68 million in 1H2019 to S\$9.00 million in 1H2020. This was mainly attributable to decreased business activities in the Group's operations.

The decrease in cost of sales was 16% in 1H2020 when revenue decreased by 26% in 1H2020. There was an increased in headcount on specialist doctors, from 27 in 1H2019 to 33 in 1H2020.

Gross profit and gross profit margin

Gross profit decreased by 38% to S\$6.04 million in 1H2020 with a decrease in gross profit margin of 7.5 percentage points, from 47.7% in 1H2019 to 40.2% in 1H2020. This was mainly due to the decreased business activities from the Group's specialised health services segment in both Malaysia and Singapore as explained above.

Other income

Other income increased by S\$0.35 million, from S\$0.30 million in 1H2019 to S\$0.65 million in 1H2020, mainly due to increased government grants of S\$0.31 million and rental rebates of S\$0.08 million. The government grants and rental rebates were part of the respective governments' support measures to relief operations affected by COVID-19.

The increase in other income was partially offset by decreased interest income by S\$0.08 million, mainly attributable to reduced interest rates from the financial institutions.

Other expenses

The Group has recognised other expenses of S\$1.27 million in 1H2020, compared to S\$1.19 million in 1H2019. An impairment for goodwill, totaling S\$0.93 million, in the general health services segment, amounting to S\$0.38 million relating to JL Medical (Bukit Batok) Pte. Ltd. ("JLMBB"), S\$0.15 million relating to JL Medical (Woodlands) Pte. Ltd. ("JLMWL"), and S\$0.40 million relating to JL Medical (Yew Tee) Pte. Ltd. ("JLMYT") respectively, were recognised in 1H2020.

An impairment loss for goodwill amounting S\$0.80 million relating to JL Medical (Sembawang) Pte. Ltd. ("JLMSB") was recognised in 1H2019.

The recoverable amounts of the cash-generating units ("CGUs") have been determined based on the cash flow forecasts of the respective CGUs from the updated financial budgets, that involve a number of significant operational and predictive assumptions, covering the next half year of 2020, with a five-year period and projection to terminal year. The forecast has been updated to take into consideration the impact of COVID-19 on the respective CGU, and in particular, revenue forecast has been adjusted downwards as a result of significant decrease in patient visits since the onset of COVID-19. This change was the key reason which led to the recognition of impairment loss during 2Q2020 and 1H2020.

Finance costs

Finance costs increased from S\$0.13 million in 1H2019 to S\$0.17 million in 1H2020. S\$0.04 million increase in finance costs was due to unwinding of discount relating to the purchase consideration for the acquisition of Indah Specialist.

Income tax expense

The effective tax rates of the Group in 1H2019 and 1H2020 were 28% and 54% respectively. Had the impairment loss for goodwill been excluded, effective tax rates of the Group in 1H2019 and 1H2020 would be 23% and 29% respectively. The statutory corporate tax rates are 17% in Singapore, 24% in Malaysia and 25% in Myanmar. The taxable profits had decreased in 1H2020 compared to that in 1H2019, however the presence of non-deductible expenses resulted in higher effective tax rates in

1H2020 compared to that in 1H2019.

Profit after tax

The Group reported a net profit of S\$0.50 million in 1H2020, after recording an impairment loss for goodwill of S\$0.93 million. This is a decrease of S\$2.82 million compared to a profit of S\$3.32 million in 1H2019.

Review of comparative financial position of the Group for the 6 months ended 30 June 2020 and 31 December 2019.

Consolidated Statement of Financial Position

Non-current assets

Non-current assets increased by S\$9.71 million to S\$54.64 million as at 30 June 2020. This was mainly attributable to the following:

- i) Recognition of provisional goodwill of S\$10.15 million, arising from the acquisition of Indah Specialist which was completed on 27 February 2020. The provisional goodwill of S\$10.15 million was arrived at based on the excess of the fair value purchase consideration of S\$11.21 million over the net amounts of the identifiable assets acquired at acquisition date and liabilities assumed, of S\$1.06 million.
- ii) Renewal of Indah Specialist's clinic premise lease agreement in June 2020 of approximately S\$1.73 million.
- iii) Plant and equipment additions arising from the acquisition of Indah Specialist of S\$0.52 million, and purchase of additional plant and equipment of S\$0.19 million.

The increase in non-current assets was offset by:

- i) Depreciation expenses of right-of-use assets of S\$0.75 million;
- ii) Depreciation expenses of plant and equipment of S\$0.56 million;
- iii) Impairment loss for goodwill of S\$0.93 million;
- iv) Decrease in the Singapore Dollar translated carrying values of the Group's goodwill arising from the acquisition of SSEC and Indah Specialist, by S\$0.39 million; and
- v) Amortisation expenses of S\$0.30 million on intangible assets.

Current assets

Current assets decreased by S\$2.73 million mainly due to the decrease in cash and cash equivalents of S\$2.75 million, and decrease in trade receivables of S\$0.82 million, mainly as a result of decreased business activities. The decrease was offset by an increase in prepayments of S\$0.61 million, mainly relating to a 10% down-payment made by ISEC (Penang) Sdn. Bhd. for the purpose of purchasing a new property in preparation for expansion.

Non-current liabilities

Non-current liabilities increased by S\$1.48 million to S\$5.27 million as at 30 June 2020 mainly due to the recognition of lease liabilities of S\$0.97 million arising from the renewal of clinic premise lease

agreement under Indah Specialist, and the balance purchase consideration for the acquisition of Indah Specialist of S\$0.54 million payable in 24 months from the acquisition date.

Current liabilities

Current liabilities increased by S\$2.27 million to S\$9.56 million as at 30 June 2020 mainly as a result of the recognition of final dividend payable of S\$2.66 million, and the balance purchase consideration for the acquisition of Indah Specialist of S\$1.70 million payable within the next 12 months.

The increase was offset by decreased trade payables and accrued expenses of totaling S\$0.51 million mainly due to decreased business activities. Payroll payable decreased by S\$0.99 million as bonuses provided as at 31 December 2019 was paid out subsequent to year-end, and due to the reduced business activities.

Review of cash flows of the Group for 1H2020.

Consolidated Statement of Cash Flows

As at 30 June 2020, the Group had cash and cash equivalents of S\$22.91 million, as compared to S\$21.67 million of cash and cash equivalents as at 30 June 2019.

Cash flows from operating activities

In 1H2020, net cash flows from operating activities was recorded at S\$1.50 million. This comprised operating cash flows before working capital changes of S\$3.63 million, and changes in working capital outflow of S\$1.19 million largely from trade and other payables of S\$2.08 million mainly due to remuneration and bonus payout to doctors and staff and payment to suppliers, less income tax paid of S\$0.95 million. The outflow was offset by inflow of S\$0.95 million from trade and other receivables mainly arising from increased receipts.

Cash flows used in investing activities

Net cash used in investing activities in 1H2020 amounted to S\$3.53 million mainly due to the cash consideration of acquisition of Indah Specialist S\$2.95 million. In addition, a 10% down-payment, equivalent to approximately S\$0.60 million, was made by ISEC (Penang) Sdn. Bhd. for the purpose of purchasing a new property in preparation for expansion. In 1H2020, a new clinic system software was also procured by our Malaysia operations, amounting to S\$0.07 million. The cash outflow was offset by interest income received of S\$0.18 million.

Cash flows used in financing activities

Net cash used in financing activities was S\$0.66 million in 1H2020, mainly due to repayment of lease liabilities and its corresponding finance costs S\$0.88 million. The cash outflow was offset by cash inflow of S\$0.23 million arising from additional capital injection by the non-controlling interests in the Company's 51% owned indirect subsidiary, ISEC Myanmar.

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

The current financial period's results are in line with the Group's expectations as disclosed in the Group's 1Q2020 results announcement on 21 April 2020 and Profit Guidance on 3 August 2020.

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.

On 15 July 2020, the Group, through its wholly-owned subsidiary, ISEC Sdn. Bhd. ("ISEC KL"), entered into a joint venture agreement with Dr Chua Chung Nen ("Dr Chua") to incorporate a joint venture company under the proposed name of "ISEC (Kuching) Sdn. Bhd." (the "JVC") to establish, operate and administer an ophthalmology centre of excellence in the city of Kuching, State of Sarawak in Malaysia. ISEC KL shall hold 51% of the ordinary shares in the JVC, with the remaining 49% of the ordinary shares to be held by Dr Chua.

Since the outbreak of COVID-19 that was first reported in December 2019, the Group's clinic operations have stepped up screening measures on incoming patients entering the clinics. Our operations in both Malaysia and Singapore, in particular the specialist health services segment, have been adversely affected by the travel restrictions and safe distancing measures imposed by the respective countries to pre-empt the trend of increasing local transmission of COVID-19.

While the Group sees some of our services across the Group to gradually pick up when control measures are progressively lifted, based on the current situation, the management is of the view that the Group's financial performance for FY2020 is likely to be lower as compared to FY2019.

The Group continues to seek suitable opportunities in the markets in China, Indonesia, Myanmar and Vietnam, while we strengthen our existing presence in our core markets of Singapore and Malaysia. The Company will also continue to pursue investment opportunities which are in line with the Group's business strategies as and when they arise.

While the Group is managing the current situation on COVID-19, we continue to widen and deepen our talent pool, with our doctors participating in online seminars, either as speakers or as participants, and preparing videos on eye-related issues for the public as part of knowledge sharing.

11. Dividend

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

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

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

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

(ii) Previous corresponding period (cents)

Name of dividend	First Interim Dividend
Dividend type	Cash
Dividend rate	0.30 Singapore cents (S\$0.0030) per ordinary share
Tax rate	Tax exempt (one-tier)

A first interim cash dividend (tax exempt one-tier) of 0.30 Singapore cents (S\$0.0030) per ordinary share was declared for the 3 months ended 30 June 2019 and paid on 28 August 2019.

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

Not applicable.

- (d) The date the dividend is payable.**

Not applicable.

- (e) The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

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

No dividend has been declared or recommended for 1H2020 in view of the uncertainty in the market outlook and business environment. The Board deems it prudent to defer any decision on dividends till a later date.

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

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

There was no IPT of S\$100,000 and above for 1H2020.

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. 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 2020 to be false or misleading in any material aspect.

16. Disclosures on Acquisition and Realisation of Shares pursuant to Catalist Rule 706A

On 27 February 2020, the Company completed the acquisition of Indah Specialist through its wholly-owned subsidiary, ISEC Sdn. Bhd. from external parties (Lee Peng Hwa, Woi You Wan, Lim Siew Geok, Loh Swee Seng, Siow Yun Ching and Tan Siow Wei. Collectively, the "Vendors"). The entire issued and paid up share capital of Indah Specialist was acquired by way of allotment of 17,950,913 new ordinary shares to the Vendors at the price of S\$0.356 per share on issue date and cash consideration of RM17,932,800.

Following the allotment and issuance of the new ordinary shares, the total number of issued and fully paid-up shares (excluding treasury shares) has increased from 532,348,544 to 550,299,457.

BY ORDER OF THE BOARD

Dr Lee Hung Ming
Executive Vice Chairman
12 August 2020

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST. 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 Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and Email: sponsorship@ppcf.com.sg).