

ISEC HEALTHCARE LTD.

(Company Registration No.201400185H)

Unaudited Financial Statement for the First Quarter Ended 31 March 2025

1(a)(i) A consolidated Statement of Profit or Loss and Other Comprehensive Income, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	3 Months Ended		
	31 March 2025 (Unaudited) \$'000	31 March 2024 (Unaudited) \$'000	Change %
Revenue	17,857	16,910	6%
Cost of sales	(9,773)	(9,249)	6%
Gross profit	8,084	7,661	6%
Other item of income			
Other income	187	111	68%
Other items of expense			
Selling and distribution expenses	(70)	(53)	32%
Administrative expenses	(3,811)	(3,096)	23%
Other expenses	(158)	(287)	-45%
Finance costs	(161)	(147)	10%
Profit before income tax	4,071	4,189	-3%
Income tax expense	(990)	(1,009)	-2%
Profit for the financial period	3,081	3,180	-3%
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation of subsidiaries	(337)	(321)	5%
Other comprehensive income for the financial period, net of tax	(337)	(321)	5%
Total comprehensive income for the financial period	2,744	2,859	-4%

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	Group		
	3 Months Ended		
	31 March 2025	31 March 2024	Change
	(Unaudited)	(Unaudited)	
	\$'000	\$'000	%
Profit attributable to:			
Owners of the parent	3,087	3,167	-3%
Non-controlling interests	(6)	13	NM
Profit for the financial period	3,081	3,180	-3%
Total comprehensive income attributable to:			
Owners of the parent	2,769	2,834	-2%
Non-controlling interests	(25)	25	NM
Total comprehensive income for the financial period	2,744	2,859	-4%

NM – Not meaningful

1(a)(ii) Notes to Consolidated Statement of Profit or Loss and Other Comprehensive Income

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

	Group		Change %
	3 Months Ended		
	31 March 2025 (Unaudited) \$'000	31 March 2024 (Unaudited) \$'000	
Depreciation of property, plant and equipment – cost of sales	267	190	41%
Depreciation of right-of-use assets – cost of sales	243	163	49%
Depreciation of property, plant and equipment – administrative expenses	319	181	76%
Depreciation of right-of-use assets – administrative expenses	335	323	4%
Amortisation of intangible assets – other expenses	-	133	-100%
Amortisation of intangible assets – administrative expenses	7	1	>100%
Interest income	(75)	(73)	3%
Interest income – net investment in sublease	(1)	(2)	-50%
Other income – government grants	(37)	(21)	76%
Interest expense – lease liabilities	123	114	8%
Interest expense – loans	13	21	-38%
Interest expense – advances from non-controlling interest	22	-	NM
Loss on exchange differences, net	159	152	5%
Allowance for expected credit losses, net	2	2	0%
Share-based compensation expense	-	22	-100%

NM – Not meaningful

1(b)(i) A Statement of Financial Position for the group, together with a comparative statement as at the end of the immediately preceding financial year

	Group	
	31 March 2025 (Unaudited) \$'000	31 December 2024 (Audited) \$'000
ASSETS		
Non-current assets		
Property, plant and equipment	29,329	29,793
Right-of-use assets	10,326	10,899
Intangible assets – goodwill	52,447	52,650
Intangible assets – others	542	524
Net investment in sublease	35	50
Deferred tax assets	274	275
	92,953	94,191
Current assets		
Inventories	2,457	2,501
Trade receivables, net ⁽¹⁾	4,921	5,241
Other receivables and deposits	762	709
Prepayments	529	436
Net investment in sublease	58	57
Cash and cash equivalents ⁽¹⁾	17,271	15,911
	25,998	24,855
TOTAL ASSETS	118,951	119,046
EQUITY AND LIABILITIES		
Equity		
Share capital	76,381	76,381
Other reserves	(10,325)	(10,007)
Retained earnings	26,772	23,685
Equity attributable to owners of the Company	92,828	90,059
Non-controlling interests	1,655	1,680
TOTAL EQUITY	94,483	91,739
LIABILITIES		
Non-current liabilities		
Borrowings	727	767
Lease liabilities	8,980	9,445
Deferred tax liabilities	5	5
Provisions	325	324
	10,037	10,541

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	Group	
	31 March 2025 (Unaudited) \$'000	31 December 2024 (Audited) \$'000
Current liabilities		
Trade payables	1,974	2,244
Other payables	845	2,353
Advances and contract liabilities	439	393
Advances from non-controlling interests	2,172	2,163
Accrued expenses	1,220	939
Payroll payable	3,614	4,333
Borrowings	472	672
Lease liabilities	2,125	2,208
Current income tax payable	1,570	1,461
	14,431	16,766
TOTAL LIABILITIES	24,468	27,307
TOTAL EQUITY AND LIABILITIES	118,951	119,046

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

	Group	
	31 March 2025 \$'000	31 December 2024 \$'000
Trade receivables, net denominated in the following currencies:		
Singapore Dollar	1,929	1,906
Ringgit Malaysia	2,958	3,274
Myanmar Kyat	34	61
	4,921	5,241
Cash and cash equivalents denominated in the following currencies:		
Singapore Dollar	6,344	4,031
Ringgit Malaysia	9,420	10,497
Myanmar Kyat	1,379	1,273
United States Dollar	128	110
	17,271	15,911

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

Amount repayable in one year or less, or on demand

As at 31 March 2025		As at 31 December 2024	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
472	2,125 ⁽¹⁾	672	2,208 ⁽¹⁾

Amount repayable after one year

As at 31 March 2025		As at 31 December 2024	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
727	8,980 ⁽¹⁾	767	9,445 ⁽¹⁾

(1) Unsecured borrowings relate to leases recognised under SFRS(I) 16 *Leases*.

Details of any collaterals

On 6 August 2020, ISEC (Penang) Sdn. Bhd., a wholly owned indirect subsidiary of ISEC Healthcare Ltd. (the "Company" and together with its subsidiaries, the "Group"), entered into a 5-year term bank loan of RM13,000,000 (equivalent to \$4,254,000) to partially finance the acquisition of freehold land and building. The loan is repayable monthly over the 5-year term. The loan bears a floating interest rate of the bank's cost of funds + 0.5% margin per annum. The interest rate for the current financial period ended 31 March 2025 was 4.17% (for the financial year ended 31 December 2024: 4.16%). The borrowing balance as at 31 March 2025 was \$328,000 (31 December 2024: \$529,000). The loan is secured by the freehold land and building for which the loan was entered into, and the subsidiary is required to maintain certain deposits balance with the bank.

On 26 May 2022, the Group completed its acquisition of ME Centre Sdn. Bhd. which includes an existing 15-year bank loan of RM1,709,160 (equivalent to \$539,000) entered into on 29 January 2021 to partially finance the acquisition of building. The loan was repayable monthly over the 15-year term. The loan bore a floating interest rate of the bank's base lending rate -2.57% margin per annum for the first year and bank's base lending rate -2.30% margin per annum from the second year onwards. The loan was secured by the building for which the loan was entered into. As at 31 December 2024, the bank loan had been fully settled by refinancing through another bank. The interest rate as at the date of settlement was 4.42%.

On 21 May 2023, TE Centre Sdn. Bhd., an indirect subsidiary of the Company, entered into a 7-year term bank loan of RM1,774,483 (equivalent to \$507,000) to finance partially the construction cost of a building. The loan bears a floating interest rate of the bank's base financing rate -2.50% margin per annum. The interest rate for the current financial period ended 31 March 2025 was 4.15% (for the financial year ended 31 December 2024: 4.15%). The borrowing balance as at 31 March 2025 was \$443,000 (31 December 2024: \$464,000). The loan is secured by the land and building for which the loan was entered into.

In June 2024, ME Centre Sdn. Bhd. entered into a 7-year bank loan of RM1,646,000 (equivalent to \$472,000) with another bank to refinance the acquisition of the building. The loan has been drawn down to fully settle the 15-year bank loan above. The loan bears a floating interest rate of the bank's base financing rate -2.5% margin per annum. The interest rate for the current financial period ended 31 March 2025 was 4.15% (for the financial year ended 31 December 2024: 4.15%). The borrowing balance as at 31 March 2025 was \$428,000 (31 December 2024: \$446,000). The loan is secured by the buildings for which the loan was entered into.

1(c) 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 2025 (Unaudited) \$'000	31 March 2024 (Unaudited) \$'000
Cash flows from operating activities		
Profit before income tax	4,071	4,189
Adjustments for:		
Allowance for expected credit losses, net	2	2
Amortisation of intangible assets	7	134
Depreciation of property, plant and equipment	586	371
Depreciation of right-of-use assets	578	486
Interest income	(76)	(75)
Interest expense	161	147
Share-based compensation expense	-	22
Operating cash flows before working capital changes	5,329	5,276
Working capital changes:		
- Inventories	28	(266)
- Trade and other receivables	245	(216)
- Prepayments	(95)	(31)
- Trade and other payables	(629)	(748)
Cash generated from operations	4,878	4,015
Income tax paid, net	(877)	(820)
Net cash generated from operating activities	4,001	3,195
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,715)	(688)
Purchase of intangible assets	(27)	(19)
Interest received	75	73
Deposit for intended acquisition of property, plant and equipment	-	(2,445)
Net cash used in investing activities	(1,667)	(3,079)
Cash flows from financing activities		
Advances from non-controlling interests	-	460
Subscription of shares in a subsidiary by non-controlling interests	-	90
Principal elements of lease payments, net	(537)	(429)
Interest paid – lease liabilities	(122)	(114)
Repayment of loan	(232)	(198)
Interest paid – loan	(13)	(21)
Net cash used in financing activities	(904)	(212)

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	Group	
	3 Months Ended	
	31 March 2025	31 March 2024
	(Unaudited)	(Unaudited)
	\$'000	\$'000
Net increase/(decrease) in cash and cash equivalents	1,430	(96)
Cash and cash equivalents at beginning of financial period	15,911	19,404
Effect of exchange rate changes on cash and cash equivalents	(70)	(89)
Cash and cash equivalents at end of financial period	17,271	19,219

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- 1(d) A statement for the 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									Total equity \$'000
	Share capital	Treasury share reserve	Foreign currency translation reserve	Merger reserve	Capital reserve	Share compensation reserve	Retained earnings	Equity attributable to owners of the Company	Non- controlling interests	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
At 1 January 2025	76,138	-	(2,128)	(3,572)	(4,463)	156	23,685	90,059	1,680	91,739
Profit for the financial period	-	-	-	-	-	-	3,087	3,087	(6)	3,081
Other comprehensive income Foreign currency translation	-	-	(318)	-	-	-	-	(318)	(19)	(337)
Total comprehensive income for the financial period	-	-	(318)	-	-	-	3,087	2,769	(25)	2,744
At 31 March 2025	76,138	-	(2,446)	(3,572)	(4,463)	156	26,772	92,828	1,655	94,483

Statements of Changes in Equity

Group (Unaudited)	Attributable to owners of the Company									Total equity \$'000
	Share capital	Treasury share reserve	Foreign currency translation reserve	Merger reserve	Capital reserve	Share compensation reserve	Retained earnings	Equity attributable to owners of the Company	Non- controlling interests	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
At 1 January 2024	76,138	-	(4,998)	(3,572)	(4,463)	128	17,476	80,709	1,441	82,150
Profit for the financial period	-	-	-	-	-	-	3,167	3,167	13	3,180
Other comprehensive income										
Foreign currency translation	-	-	(333)	-	-	-	-	(333)	12	(321)
Total comprehensive income for the financial period	-	-	(333)	-	-	-	3,167	2,834	25	2,859
Transaction with owners of the Company										
Share-based compensation expense ⁽¹⁾	-	-	-	-	-	22	-	22	-	22
Total transaction with owners of the Company	-	-	-	-	-	22	-	22	-	22
Transaction with non-controlling interest										
Subscription of share in a subsidiary by non-controlling interest ⁽²⁾	-	-	-	-	-	-	-	-	90	90
Total transaction with non-controlling interest	-	-	-	-	-	-	-	-	90	90
At 31 March 2024	76,138	-	(5,331)	(3,572)	(4,463)	150	20,643	83,565	1,556	85,121

(1) The Company has granted 3,809,150 options under the ISEC Healthcare Share Option Scheme on 22 April 2020 and 680,000 share awards under the ISEC Healthcare Performance Share Plan on 23 September 2022.

(2) During the 3 months' financial period ended 31 March 2024, ISEC (Klang) Sdn. Bhd. ("ISEC Klang"), a 65%-owned indirect subsidiary of the Company through its wholly-owned subsidiary, ISEC Sdn. Bhd. ("ISEC KL"), increased its share capital from \$29,000 (equivalent to RM100,000) to \$285,000 (equivalent to RM1,000,000), through issuance of shares allotted to the existing shareholders of ISEC Klang in equal proportion to their existing shareholdings.

2. Review of comparative performance of the Group for the 3 months ended 31 March 2025 (“1Q2025”) and 31 March 2024 (“1Q2024”).

Revenue

The Group recorded revenue of \$17.86 million in 1Q2025, an increase of \$0.95 million or 6%, compared to that in 1Q2024.

The increase in the Group’s revenue was mainly attributable to specialised health services from which revenue increased by \$0.93 million, from \$16.02 million in 1Q2024 to \$16.95 million in 1Q2025 due to increased business activities and increased number of eye centres in Malaysia.

Cost of sales

Cost of sales increased by 6%, or \$0.52 million, to \$9.77 million in 1Q2025, which was in line with the increased revenue and business activities in the Group’s operations.

Gross profit and gross profit margin

Gross profit increased by 6%, or \$0.42 million to \$8.08 million in 1Q2025. Gross profit margins for both periods were consistent, at 45.3% in both 1Q2025 and 1Q2024.

Profit after tax

Net profit of the Group in 1Q2025 stood at \$3.08 million, a decrease of \$0.10 million, or 3%, from that in 1Q2024.

Administrative expenses increased by \$0.72 million mainly due to the opening of new/expanded eye centres in Malaysia which attributed an increase of \$0.37 million in administrative expenses, and an increase of \$0.18 million of staff-related costs from the other centres (excluding the new/expanded ones) as a result of the increased business activities of the Group.

Other expenses decreased by \$0.13 million, from \$0.29 million in 1Q2024 to \$0.16 million in 1Q2025 due to lower amortisation expense on intangible assets by \$0.13 million, with contractual relationship being fully amortised in the financial year ended 31 December 2024.

3. 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.

ISEC KL status of the purchase of certain strata-title units

ISEC KL had entered into a Sales and Purchase Agreement (“SPA”) to purchase certain strata-title units or parcels in a new building to be constructed by the vendor of the SPA (under the category of use of medical care) in Kuala Lumpur, Malaysia, as announced on 29 December 2023 (“Proposed Acquisition”). Subsequently, all conditions precedent of the SPA were fulfilled on 20 September 2024, and the SPA became unconditional on the same day.

The construction started in mid-2024 and is expected to take approximately 2 years to complete. Subsequent to the completion of construction, renovation and fitting-out will commence. The timeline for construction, renovation and fitting-out also factors in (i) the anticipated duration for obtaining all necessary regulatory approvals, licences and permits from the relevant authorities, and (ii) the installation and commissioning of medical equipment, operational readiness preparation and staff training. The aforementioned works are currently on schedule and barring any unforeseen delays and subject to all regulatory approvals being obtained, operations is expected to commence by 2027.

The Group will make the necessary announcements as and when there are further material developments on the Proposed Acquisition, including upon the completion of the Proposed Acquisition, and other key related matters that may be contemplated moving forward.

Joint venture arrangement in the city of Seremban, State of Negeri Sembilan in Malaysia

As announced on 9 April 2025, ISEC KL will incorporate a 72% owned subsidiary in Malaysia, proposed name of ISEC (Seremban) Sdn. Bhd. (the “New Entity”), by way of subscribing for 72 ordinary shares of Ringgit Malaysia (“RM”) 1.00 each at cash consideration of RM72. No later than 9 months from the date of its incorporation, the New Entity will increase its share capital from RM100 to RM994,000 through issuance of shares allotted to the existing shareholders of the New Entity. The incorporation of the New Entity will be funded by internal resources of the Group and is not expected to have any material impact on the consolidated net tangible assets per share or earnings per share of the Group for the current financial year ending 31 December 2025. Please refer to the Company’s announcement dated 9 April 2025 for more details.

Political situation in Myanmar

Myanmar’s military has, on 31 January 2025, further extended the country’s state of emergency by another six months. The political situation in Myanmar remains fairly uncertain. Notwithstanding the current political and economic climate in Myanmar, there remains a strong demand for high-quality eye care services in the market.

March 2025 earthquake in Myanmar

In late March 2025, Myanmar was hit by a 7.7 magnitude earthquake in the northern region of Sagaing. The Group’s operations in Myanmar based in Yangon was not affected by the earthquake. The team is cautiously monitoring the situation while the clinic operations has carried on per usual.

Recognising the situations faced by Myanmar as stated above, the Group will continue to maintain a proactive approach, regularly reviewing and adjusting expansion and cash management strategies in response to evolving conditions on the ground, ensuring the growth in Myanmar is prudent yet sustainable. As at the date of this announcement, ISEC Myanmar’s centre continues to be operational and profitable.

BY ORDER OF THE BOARD

Dr Lee Hung Ming
Executive Vice Chairman
21 April 2025

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

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