

ISEC HEALTHCARE LTD.

(Company Registration No.201400185H)

**Unaudited Financial Statement and Dividend Announcement
For the Financial Year Ended 31 December 2016**
**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),
HALF-YEAR AND FULL YEAR RESULTS**

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			Group		
	3 Months Ended			12 Months Ended		
	31	31	Change	31	31	Change
	December	December		December	December	
	2016	2015		2016	2015	
	(Unaudited)	(Unaudited)	%	(Unaudited)	(Audited)	
	S\$'000	S\$'000		S\$'000	S\$'000	
Revenue	8,299	6,578	26%	30,780	26,690	15%
Cost of sales	(4,571)	(3,721)	23%	(16,048)	(14,773)	9%
Gross profit	3,728	2,857	30%	14,732	11,917	24%
Other item of income						
Other income	226	243	-7%	551	386	43%
Other items of expense						
Selling and distribution expenses	(30)	(12)	150%	(92)	(219)	-58%
Administrative expenses	(1,914)	(2,101)	-9%	(6,663)	(6,836)	-3%
Other expenses	(141)	(857)	-84%	(540)	(1,256)	-57%
Interest expense	(1)	(1)	0%	(4)	(7)	-43%
Profit before income tax	1,868	129	NM	7,984	3,985	100%
Income tax expense	(389)	8	NM	(1,497)	(1,241)	21%
Profit for the financial period/year	1,479	137	NM	6,487	2,744	136%

NM – Not meaningful

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	Group			Group		
	3 Months Ended			12 Months Ended		
	31	31	Change	31	31	Change
	December	December		December	December	
2016	2015		2016	2015		
(Unaudited)	(Unaudited)	%	(Unaudited)	(Audited)	%	
	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	(444)	146	NM	(483)	(947)	-49%
Other comprehensive income for the financial period/year, net of tax	(444)	146	NM	(483)	(947)	-49%
Total comprehensive income for the financial period/year	1,035	283	266%	6,004	1,797	234%
Profit attributable to:						
Owners of the parent	1,468	150	NM	6,443	2,760	133%
Non-controlling interests	11	(13)	NM	44	(16)	NM
Profit for the financial period/year	1,479	137	NM	6,487	2,744	136%
Total comprehensive income attributable to:						
Owners of the parent	1,023	298	243%	5,961	1,803	231%
Non-controlling interests	12	(15)	NM	43	(6)	NM
Total comprehensive income for the financial period/year	1,035	283	266%	6,004	1,797	234%

NM – Not meaningful

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

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

	Group 3 Months Ended			Group 12 Months Ended		
	31 December 2016 (Unaudited) S\$'000	31 December 2015 (Unaudited) S\$'000	Change %	31 December 2016 (Unaudited) S\$'000	31 December 2015 (Audited) S\$'000	Change %
Depreciation of plant and equipment - cost of sales	132	115	15%	516	452	14%
Depreciation of plant and equipment – administrative expenses	84	72	17%	331	346	-4%
Amortisation of intangible assets – other expenses	133	133	0%	530	530	0%
Amortisation of intangible assets – administrative expenses	17	33	-48%	57	52	10%
Interest income	(85)	(66)	29%	(345)	(192)	80%
(Gain)/Loss on exchange differences - net	71	(41)	NM	109	109	0%
(Gain)/ Loss on disposal of plant and equipment	(128)	1	NM	(127)	1	NM
Plant and equipment written-off	3	613	-100%	4	613	-99%
Provisions written-back – reinstatement costs	-	(125)	NM	-	(125)	NM
Accruals written-back – others	-	(25)	NM	(32)	(25)	28%
Inventories written-off	-	76	NM	-	77	NM
Bad debt expense	8	37	-78%	8	37	-78%

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	
	31 December 2016 (Unaudited) S\$'000	31 December 2015 (Audited) S\$'000	31 December 2016 (Unaudited) S\$'000	31 December 2015 (Audited) S\$'000
ASSETS				
Non-current assets				
Plant and equipment	3,967	3,639	118	153
Investment in subsidiaries	-	-	48,386	34,389
Intangible assets	39,111	25,162	6	8
Deferred tax assets	30	39	-	-
	<u>43,108</u>	<u>28,840</u>	<u>48,510</u>	<u>34,550</u>
Current assets				
Inventories	1,218	982	-	-
Trade and other receivables	2,171	1,905	4,718	2,598
Current tax assets	103	-	-	-
Prepayments	176	107	13	9
Cash and cash equivalents	20,376	24,924	8,266	16,073
	<u>24,044</u>	<u>27,918</u>	<u>12,997</u>	<u>18,680</u>
TOTAL ASSETS	<u>67,152</u>	<u>56,758</u>	<u>61,507</u>	<u>53,230</u>
EQUITY AND LIABILITIES				
Equity				
Share capital	59,673	51,462	59,673	51,462
Reserves	(5,307)	(4,825)	-	-
Retained earnings	6,424	5,362	1,501	1,406
Equity attributable to owners of parent	<u>60,790</u>	<u>51,999</u>	<u>61,174</u>	<u>52,868</u>
Non-controlling interests	(31)	(74)	-	-
TOTAL EQUITY	<u>60,759</u>	<u>51,925</u>	<u>61,174</u>	<u>52,868</u>
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	761	842	-	-
Provisions	198	114	19	19
	<u>959</u>	<u>956</u>	<u>19</u>	<u>19</u>
Current liabilities				
Trade and other payables	4,919	3,410	313	342
Current income tax payable	515	467	1	1
	<u>5,434</u>	<u>3,877</u>	<u>314</u>	<u>343</u>
TOTAL LIABILITIES	<u>6,393</u>	<u>4,833</u>	<u>333</u>	<u>362</u>
TOTAL EQUITY AND LIABILITIES	<u>67,152</u>	<u>56,758</u>	<u>61,507</u>	<u>53,230</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		Group	
	3 Months Ended		12 Months Ended	
	31 December 2016 (Unaudited) S\$'000	31 December 2015 (Unaudited) S\$'000	31 December 2016 (Unaudited) S\$'000	31 December 2015 (Audited) S\$'000
Cash flows from operating activities				
Profit before income tax	1,868	129	7,984	3,985
Adjustments for:				
Depreciation of plant and equipment	216	187	847	798
Amortisation of intangible assets	150	166	587	582
Plant and equipment written-off	3	613	4	613
(Gain)/ Loss on disposal of plant and equipment	(128)	1	(127)	1
Provisions written-back – reinstatement costs	-	(125)	-	(125)
Accruals written-back – others	-	(25)	(32)	(25)
Inventories written-off	-	76	-	77
Bad debt expense	8	37	8	37
Interest income	(85)	(66)	(345)	(192)
Interest expense	1	1	4	7
Operating cash flows before working capital changes	2,033	994	8,930	5,758
Working capital changes:				
- Inventories	71	(42)	22	(237)
- Trade and other receivables	160	275	170	820
- Prepayments	(26)	35	(68)	73

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	Group		Group	
	3 Months Ended		12 Months Ended	
	31 December 2016 (Unaudited) S\$'000	31 December 2015 (Unaudited) S\$'000	31 December 2016 (Unaudited) S\$'000	31 December 2015 (Audited) S\$'000
- Trade and other payables	744	968	40	326
Cash generated from operations	2,982	2,230	9,094	6,740
Income tax paid	(403)	(332)	(1,800)	(1,971)
Income tax refund	8	32	8	32
Net cash from operating activities	2,587	1,930	7,302	4,801
Investing activities				
Purchase of plant and equipment	(289)	(10)	(1,027)	(673)
Purchase of intangible assets	(21)	-	(83)	(180)
Proceeds from disposal of plant and equipment	-	36	2	36
Acquisition of subsidiaries, net of cash acquired	(5,607)	(4,488)	(5,607)	(4,488)
Interest received	60	84	340	182
Net cash used in investing activities	(5,857)	(4,378)	(6,375)	(5,123)
Financing activities				
Dividends paid	(3,229)	-	(5,381)	(1,513)
Subscription of shares in subsidiaries by non-controlling interests	-	-	-	129
Net cash used in financing activities	(3,229)	-	(5,381)	(1,384)
Net change in cash and cash equivalents	(6,499)	(2,448)	(4,454)	(1,706)
Cash and cash equivalents at beginning of financial period/year	26,929	27,254	24,924	27,267
Effects of exchange rate changes on cash and cash equivalents	(54)	118	(94)	(637)
Cash and cash equivalents at end of financial period/year	20,376	24,924	20,376	24,924

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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Statement of Changes in Equity

	Attributable to owners of the parent						Total Equity
	Share capital	Merger reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Group (Unaudited)							
At 1 January 2016	51,462	(3,572)	(1,253)	5,362	51,999	(74)	51,925
Profit for the financial period	-	-	-	4,975	4,975	33	5,008
Other comprehensive income							
Foreign currency translation differences – foreign operations	-	-	(37)	-	(37)	(2)	(39)
Total comprehensive income for the financial period	-	-	(37)	4,975	4,938	31	4,969
Transaction with owners of the parent							
Dividends declared	-	-	-	(2,152)	(2,152)	-	(2,152)
Total transaction with owners of the parent	-	-	-	(2,152)	(2,152)	-	(2,152)
At 30 September 2016	51,462	(3,572)	(1,290)	8,185	54,785	(43)	54,742
At 1 October 2016	51,462	(3,572)	(1,290)	8,185	54,785	(43)	54,742
Profit for the financial period	-	-	-	1,468	1,468	11	1,479
Other comprehensive income							
Foreign currency translation differences – foreign operations	-	-	(445)	-	(445)	1	(444)
Total comprehensive income for the financial period	-	-	(445)	1,468	1,023	12	1,035
Transaction with owners of the parent							
Issuance of ordinary shares	8,226	-	-	-	8,226	-	8,226
Share issue expenses	(15)	-	-	-	(15)	-	(15)
Dividends declared	-	-	-	(3,229)	(3,229)	-	(3,229)
Total transaction with owners of the parent	8,211	-	-	(3,229)	4,982	-	4,982
At 31 December 2016	59,673	(3,572)	(1,735)	6,424	60,790	(31)	60,759

Statement of Changes in Equity

	Attributable to owners of the parent						Total Equity
	Share capital	Merger reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to owners of the parent	Non- controlling interests	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Group (Audited)							
At 1 January 2015	43,630	(3,572)	(296)	4,115	43,877	(197)	43,680
Profit for the financial period	-	-	-	2,610	2,610	(3)	2,607
Other comprehensive income							
Foreign currency translation differences – foreign operations	-	-	(1,105)	-	(1,105)	12	(1,093)
Total comprehensive income for the financial period	-	-	(1,105)	2,610	1,505	9	1,514
Transaction with owners of the parent							
Dividends declared	-	-	-	(1,513)	(1,513)	-	(1,513)
Total transaction with owners of the parent	-	-	-	(1,513)	(1,513)	-	(1,513)
Transaction with non-controlling interests							
Subscription of shares in subsidiaries by non-controlling interests	-	-	-	-	-	129	129
Total transaction with non- controlling interests	-	-	-	-	-	129	129
At 30 September 2015	43,630	(3,572)	(1,401)	5,212	43,869	(59)	43,810
At 1 October 2015	43,630	(3,572)	(1,401)	5,212	43,869	(59)	43,810
Profit for the financial period	-	-	-	150	150	(13)	137
Other comprehensive income							
Foreign currency translation differences – foreign operations	-	-	148	-	148	(2)	146
Total comprehensive income for the financial period	-	-	148	150	298	(15)	283
Transaction with owners of the parent							
Issuance of ordinary shares	7,832	-	-	-	7,832	-	7,832
Total transaction with owners of the parent	7,832	-	-	-	7,832	-	7,832
At 31 December 2015	51,462	(3,572)	(1,253)	5,362	51,999	(74)	51,925

Statement of Changes in Equity

Company (Unaudited)	Share capital S\$'000	Retained earnings S\$'000	Total Equity S\$'000
At 1 January 2016	51,462	1,406	52,868
Profit for the financial period, representing total comprehensive income for the financial period	-	4,239	4,239
	-	4,239	4,239
Dividends declared	-	(2,152)	(2,152)
At 30 September 2016	51,462	3,493	54,955
At 1 October 2016	51,462	3,493	54,955
Profit for the financial period, representing total comprehensive income for the financial period	-	1,237	1,237
	-	1,237	1,237
Dividends declared	-	(3,229)	(3,229)
Issuance of ordinary shares	8,226	-	8,226
Share issue expenses	(15)	-	(15)
	8,211	(3,229)	4,982
At 31 December 2016	59,673	1,501	61,174
Company (Audited)			
At 1 January 2015	43,630	2,078	45,708
Profit for the financial period, representing total comprehensive income for the financial period	-	1,653	1,653
	-	1,653	1,653
Dividends declared	-	(1,513)	(1,513)
At 30 September 2015	43,630	2,218	45,848
At 1 October 2015	43,630	2,218	45,848
Loss for the financial period, representing total comprehensive income for the financial period	-	(812)	(812)
	-	(812)	(812)
Issuance of ordinary shares	7,832	-	7,832
At 31 December 2015	51,462	1,406	52,868

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

Share Capital – Ordinary Shares

The Company's issued and fully paid-up share capital increased by 27,883,750 ordinary shares from 489,211,919 shares as at 1 October 2016 to 517,095,669 shares as at 31 December 2016 due to the following:

	Number of ordinary shares	Issued and paid-up share capital S\$
At 1 October 2016	489,211,919	51,461,751
Issuance of consideration shares for the acquisition of the JLM Companies ⁽¹⁾	27,883,750	8,225,706
	517,095,669	59,687,457
Less: Share issue expenses capitalised	-	(15,000)
At 31 December 2016	517,095,669	59,672,457

Note:

- (1) 27,883,750 consideration shares were allotted and issued on 1 December 2016 as partial consideration for the acquisition of the entire issued and fully-paid share capital of 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").

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

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

	<u>31 December 2016</u>	<u>31 December 2015</u>
Total number of issued shares	517,095,669	489,211,919

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

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

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

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

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

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

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

Except as disclosed in Paragraph 5, the accounting policies and methods of computation adopted in the financial statements for the current financial reporting period are consistent with those disclosed in the audited financial statements for the financial year ended 31 December 2015.

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

The Group has adopted all the applicable new and revised Financial Reporting Standards (“FRS”) and Interpretations of Financial Reporting Standards (“INT FRS”) that are mandatory for the accounting periods beginning on or after 1 January 2016. The adoption of these new and revised FRS and INT FRS did not result in any substantial change to the Group’s and the Company’s accounting policies and has no significant impact on the financial statements for the current financial reporting period.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group		Group	
	3 months ended		12 months ended	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Earnings per share (“EPS”)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Profit attributable to owners of the parent (S\$’000)	1,468	150	6,443	2,760
Weighted average number of ordinary shares in issue	498,607,530	466,511,805	491,580,128	460,519,414
Basic and fully diluted basis (Singapore cents) ⁽¹⁾	0.29	0.03	1.31	0.60

(1) There were no potentially dilutive ordinary shares in existence during all the respective financial periods.

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

	Group		Company	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Net asset value attributable to owners of the parent (S\$'000)	60,790	51,999	61,174	52,868
Number of ordinary shares in issue	517,095,669	489,211,919	517,095,669	489,211,919
Net asset value per ordinary share (S\$)	0.12	0.11	0.12	0.11

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:-**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Review of comparative performance of the Group for the financial year ended 31 December 2016 ("FY2016") and 31 December 2015 ("FY2015").

Consolidated Statement of Comprehensive Income

Revenue

Revenue for FY2016 was S\$30.8 million, an increase of 15% from S\$26.7 million in FY2015. The increase was attributable to higher revenue contribution from Malaysia operations, mainly due to the revenue contribution of S\$4.2 million in FY2016 from Southern Specialist Eye Centre Sdn. Bhd. ("**SSEC**"), which was acquired on 8 December 2015, as well as increased patient visits in Malaysia operations. The increase was offset by lower revenue from Singapore operations mainly due to the absence of revenue from the clinic that was under International Specialist Eye Centre Pte. Ltd. ("**ISEC Singapore**") which had closed in October 2015, and a decrease in revenue of S\$0.4 million from ISEC Eye Pte. Ltd. ("**ISEC Eye**").

Cost of sales

Cost of sales increased by 9% from S\$14.8 million in FY2015 to S\$16.0 million in FY2016. The increase was mainly due to the increase in the Group's business activities in Malaysia.

Gross profit and Gross profit margin

Gross profit increased by 24% from S\$11.9 million in FY2015 to S\$14.7 million in FY2016, with an increase in gross profit margin of 3.3 percentage points from 44.6% in FY2015 to 47.9% in FY2016. The increase in the Group's gross profit margin was largely due to the closure of the loss-making clinic under ISEC Singapore.

Other income

There was an increase of S\$0.16 million in other income from S\$0.39 million in FY2015 to S\$0.55 million in FY2016 mainly due to an increase of S\$0.15 million in interest income arising from a larger quantum of short-term deposit placements with banks by the Group and a gain of S\$0.12 million on disposal of property, plant and equipment utilised for Malaysia operations. The increase was offset by a decrease in provisions and accruals written back in FY2016 of S\$0.12 million, due to the absence of write-backs arising from the closure of ISEC Singapore in FY2015.

Selling and distribution expenses

Selling and distribution expenses decreased by 58% from S\$0.22 million in FY2015 to S\$0.09 million in FY2016. Expenses incurred in FY2015 in relation to marketing and advertising activities of S\$0.08 million to promote the Group's operations in Singapore were discontinued in FY2016 with the Company's decision on the closure of the clinic under ISEC Singapore. Expenses incurred for marketing and advertising activities in Malaysia had also reduced by S\$0.02 million in FY2016 compared to FY2015.

Administrative expenses

Administrative expenses decreased by 3% from S\$6.8 million in FY2015 to S\$6.7 million in FY2016. Administrative expenses incurred by ISEC Singapore decreased by S\$0.9 million due to the closure of the clinic under ISEC Singapore. The decrease was offset by an increase in administrative expenses incurred by SSEC, as its financial results were consolidated with the Group's after the completion of its acquisition in December 2015.

Other expenses

Other expenses decreased by 57%, from S\$1.3 million in FY2015 to S\$0.5 million in FY2016, mainly due to the absence of the following expenses which were incurred in FY2015:

- (i) Plant and equipment and inventories written-off of S\$0.6 million and S\$0.08 million respectively in relation to ISEC Singapore's closure; and
- (ii) Bad debt expense recorded of S\$0.04 million.

Depreciation expenses

Depreciation expenses increased marginally by 6%, or S\$0.05 million, between FY2015 and FY2016, due to the depreciation expense incurred by SSEC in FY2016. This was offset by the decrease in depreciation expense in FY2016 following the closure of ISEC Singapore.

Income tax expense

The effective tax rates of the Group in FY2016 and FY2015 were 19% and 31% respectively. The statutory corporate tax rates where the Group operates in are 17% in Singapore and 24% (FY2015: 25%) in Malaysia. The lower effective tax rate in FY2016 was mainly because no deferred tax asset was recognised for the losses incurred in the Company and ISEC Singapore in FY2015 and the reversal of the over-provision of income tax expense for FY2015 in FY2016.

Profit after tax

Net profit of the Group in FY2016 was S\$6.5 million, an increase of S\$3.8 million compared to S\$2.7 million in FY2015, mainly due to the abovementioned factors.

Consolidated Statement of Financial Position

Non-current assets

Non-current assets (comprising plant and equipment, intangible assets and deferred tax assets) were S\$43.1 million as at 31 December 2016, an increase of S\$14.3 million from S\$28.8 million as at 31 December 2015.

There was an increase of approximately S\$13.9 million in intangible assets which was mainly due to goodwill of S\$14.6 million arising from the acquisition of JLM Companies which was completed on 1 December 2016, offset by amortisation expense of S\$0.5 million on intangible assets arising from the acquisition of ISEC Eye. The goodwill of S\$14.6 million was arrived at based on the excess of the fair value purchase consideration of S\$15.2 million over the net amounts of the identifiable assets acquired at acquisition date and liabilities assumed of S\$0.6 million.

There was a net increase in plant and equipment of S\$0.4 million, from S\$3.6 million as at 31 December 2015 to S\$4.0 million as at 31 December 2016. The increase was due to the capitalisation of renovation costs and electrical fittings incurred for the clinic to be opened in Sibul, Malaysia, which amounted to S\$0.5 million as well as the purchase of additional medical equipment, office equipment, computer hardware and computer software mainly in Malaysia, which amounted to S\$0.6 million, and plant and equipment of S\$0.1 million from the acquisition of JLM Companies, offset by depreciation expenses of S\$0.8 million incurred in FY2016.

Current assets

Current assets comprised inventories, trade and other receivables, prepayments, current tax assets and cash and cash equivalents. Current assets decreased by S\$3.9 million mainly due to the decrease in cash and cash equivalents of S\$4.5 million, offset by an increase in (i) inventories of S\$0.2 million; and (ii) trade and other receivables of S\$0.3 million which were primarily attributed to the consolidation of JLM Companies in FY2016.

Current liabilities

Current liabilities increased by approximately S\$1.5 million from S\$3.9 million as at 31 December 2015 to S\$5.4 million as at 31 December 2016, mainly due to increased trade and other payables from (i) the consolidation of the JLM Companies; and (ii) increased purchases in Malaysia in line with increased business activities.

Consolidated Statement of Cash Flows

As at 31 December 2016, the Group had cash and cash equivalents of S\$20.4 million, as compared to S\$24.9 million of cash and cash equivalents as at 31 December 2015.

Cash flows from operating activities

The Group generated net cash from operating activities before changes in working capital of S\$8.9 million in FY2016. This was mainly due to profit before tax of S\$8.0 million adjusted for depreciation charge of S\$0.8 million. Net cash generated from working capital amounted to S\$0.1 million. The Group paid income tax of S\$1.8 million. As a result, net cash generated from operating activities was S\$7.3 million. This was an increase of S\$2.5 million in net cash generated from operating activities in FY2016 as compared to the S\$4.8 million generated in FY2015. This was mainly due to the increase in profit before tax of S\$4.0 million in FY2016 as compared to FY2015. The increase was offset by (i) adjustments to profit before tax where was S\$0.8 million lower in FY2016 compared to that in FY2015, mainly due to the absence of S\$0.6 million of plant and equipment written-off in FY2015, and (ii) reduced net working capital inflows in FY2016 of S\$0.2 million, compared to that in FY2015 of S\$1.0 million.

Cash flows from investing activities

Net cash used in investing activities amounted to S\$6.4 million mainly due to net cash outflows on acquisition of JLM Companies of S\$5.6 million and the acquisition of plant and equipment of S\$1.0 million, offset by interest income of S\$0.3 million from short-term deposits placed with banks. In FY2015, net cash used in investing activities was S\$5.1 million, mainly due to net cash outflows on acquisition of SSEC of S\$4.5 million and acquisition of plant and equipment of S\$0.7 million.

Cash flows from financing activities

Net cash used in financing activities of S\$5.4 million pertained to dividend paid during the year. This was S\$3.9 million higher compared to S\$1.5 million of dividends paid in FY2015.

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.

The demand and outlook for ophthalmology services in Singapore and Malaysia remain positive mainly driven by the ageing population, increased awareness of eye disorders, increased uptake of private insurance and growth of medical tourism. The Group's Singapore business may be affected by a strong Singapore dollar against the currencies of neighbouring countries where some of our customers come from.

Throughout the past 12 months under review, the Ringgit Malaysia was observed to have shown slight weakening against the Singapore Dollar. The foreign exchange rate will continue to impact the Group's overall performance moving forward as a significant portion of the Group's revenue is derived from Malaysia. The Group will continue to monitor closely the impact of the foreign exchange rate on the Group's financial position.

The Group maintains a positive outlook on business opportunities in the Asia Pacific region and continues its focus on expanding in the region. The Group will consider the acquisition of assets, business and companies that are in similar specialty or are complementary to the Group's existing businesses.

11. Dividend

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

A final dividend of 0.11 Singapore cents (S\$0.0011) per ordinary share of the Company will be proposed, subject to approval by shareholders at the forthcoming annual general meeting to be convened ("AGM").

Name of dividend	Final Dividend
Dividend type	Cash
Dividend rate	0.11 Singapore cents (S\$0.0011) per ordinary share
Tax rate	Tax exempt (one-tier)

A first interim cash dividend (tax exempt one-tier) of 0.22 Singapore cents (S\$0.0022) per ordinary share was declared for the 3 months ended 30 June 2016 and paid to shareholders on 8 September 2016.

A second interim cash dividend (tax exempt one-tier) of 0.66 Singapore cents (S\$0.0066) per ordinary share was declared for the 3 months ended 30 September 2016 and paid to shareholders on 21 November 2016.

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

Yes, details of which are set out below:

Name of dividend	Final 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:**

Subject to shareholders' approval of the proposed final dividend at the AGM, the date payable for the proposed 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.

Shareholders' approval was obtained on 7 October 2016 for the Company to acquire the JLM Companies for an aggregate consideration of S\$13.94 million, of which S\$12.95 million (equivalent to approximately 48.24% of the Group's latest audited NTA as at 31 December 2015) was paid to one of the vendors, Dr. Lee Yeng Fen. Dr. Lee Yeng Fen is the spouse of Dr. Lee Hung Ming, the Executive Vice-Chairman and a controlling shareholder of the Company. Accordingly, Dr. Lee Yeng Fen is an "associate" of Dr. Lee Hung Ming and an "interested person" under Rule 904(4)(b) of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist and the acquisition of the JLM Companies constitutes an interested person transaction. The acquisition was completed on 1 December 2016.

Please refer to the announcements made on 27 May 2016, 6 September 2016, 6 October 2016, 7 October 2016 and 1 December 2016 and the circular dated 22 September 2016 for more details on the acquisition.

Other than the above, there was no IPT of S\$100,000 and above for FY2016.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer’s most recent audited annual financial statements, with comparative information for the immediately preceding year.

Business segments

Subsequent to the acquisition of the JLM Companies which was completed on 1 December 2016, the Group has two reportable segments as described below.

- Specialised health services: as at 31 December 2016 and 31 December 2015, specialised health services segment comprises the provision of medical care, consultancy, treatment and surgery in the field of ophthalmology only
- General health services: provision of general medical services

	12 Months Ended	
	31 December 2016 S\$'000	31 December 2015 S\$'000
Segment revenue		
Specialised health services	30,487	26,690
General health services	293	-
Total	<u>30,780</u>	<u>26,690</u>
Segment profit after tax		
Specialised health services	6,451	2,744
General health services	36	-
Total	<u>6,487</u>	<u>2,744</u>

Geographical segments

The Group operates in Singapore and Malaysia.

	12 Months Ended	
	31 December 2016 S\$'000	31 December 2015 S\$'000
Segment revenue		
Singapore	4,826	5,753
Malaysia	25,954	20,937
Total	<u>30,780</u>	<u>26,690</u>

	12 Months Ended	
	31 December 2016 S\$'000	31 December 2015 S\$'000
Segment profit/(loss) after tax		
Singapore	1,033	(1,139)
Malaysia	5,454	3,883
Total	<u>6,487</u>	<u>2,744</u>

15. In the review of performance, the factors leading to any material changes in distribution to turnover and earnings by operating segments.

Performance by business segments

Specialised health services:

Please refer to Paragraph 8.

General health services:

The Group recorded its maiden revenue from the General health services business segment in FY2016 subsequent to the completion of the acquisition of the JLM Companies in December 2016.

Performance by geographical segments

Singapore operations:

Revenue

Revenue contribution from Singapore operations decreased by approximately S\$1.0 million from S\$5.8 million in FY2015 to S\$4.8 million in FY2016. Please refer to Paragraph 8 for further details.

The decrease in revenue was offset by the inclusion of revenue from JLM Companies of S\$0.3 million subsequent to their acquisition by the Group.

Profit/(loss) after tax

There was a reversal from a loss after tax of S\$1.1 million incurred by the Singapore operations in FY2015 to a profit after tax of S\$1.0 million in FY2016, largely attributable to the absence of losses incurred by the clinic under ISEC Singapore in FY2015.

Malaysia operations:

For Malaysia operations, the increase in revenue and profit after tax was mainly due to an increase in number of patient visits for our Malaysia operations.

16. Breakdown of sales in the first half and second half of the financial year

	Group		
	12 Months Ended		Increase
	31 December 2016	31 December 2015	
	(Unaudited)	(Unaudited)	
S\$'000	S\$'000	%	
Sales reported for first half year	15,065	13,824	9%
Operating profit after tax before deducting non-controlling interests reported for first half year	3,330	1,941	72%
Sales reported for second half year	15,715	12,866	22%
Operating profit after tax before deducting non-controlling interests reported for second half year	3,157	803	293%

17. A breakdown the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	FY2016 (Unaudited) S\$'000	FY2015 (Audited) S\$'000
Ordinary-Interim	4,305 ⁽¹⁾	1,009
Ordinary-Final	569 ⁽²⁾	1,076
Preference	-	-
Total	4,874	2,085

⁽¹⁾ Comprised the first and second interim dividend, further details of which are contained in Paragraph 11.

⁽²⁾ The proposed final dividend of 0.11 Singapore cents (S\$0.0011) per ordinary share of the Company will be subject to approval by shareholders at the forthcoming AGM to be convened.

- 18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must take an appropriate negative statement.**

Save as disclosed below, the Company confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company as at the date of this announcement.

Name	Age	Family relationship with any director, chief executive officer and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Dr Lee Yeng Fen	51	Spouse of Dr Lee Hung Ming, Executive Vice Chairman and controlling shareholder of ISEC Healthcare Ltd.	Group Medical Director, JLM Companies (2016)	None

- 19. 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).

- 20. 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

ISEC HEALTHCARE LTD.

(Company Registration No.201400185H)

(1) Utilised for:

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

(2) Utilised for:

	S\$'000
Cost of sales	1,028
Administrative expenses	1,378
Selling and distribution expenses	94
Total	2,500

BY ORDER OF THE BOARD

Dr Wong Jun Shyan
Executive Director and Chief Executive Officer
23 February 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 Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.