

ISEC HEALTHCARE LTD.

(Company Registration No.201400185H)

**Unaudited Financial Statement and Dividend Announcement
 For the Financial Year Ended 31 December 2019**
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 12 Months Ended		
	31 December 2019 (Unaudited) S\$'000	31 December 2018 (Unaudited) S\$'000	Change %	31 December 2019 (Unaudited) S\$'000	31 December 2018 (Audited) S\$'000	Change %
Revenue	11,617	10,492	11%	42,872	40,444	6%
Cost of sales	(6,163)	(5,413)	14%	(22,823)	(20,980)	9%
Gross profit	5,454	5,079	7%	20,049	19,464	3%
Other item of income						
Other income	263	217	21%	702	608	15%
Other items of expense						
Selling and distribution expenses	(24)	(4)	NM	(60)	(22)	NM
Administrative expenses	(2,411)	(1,945)	24%	(8,677)	(8,168)	6%
Other expenses	(189)	(149)	27%	(1,818)	(655)	NM
Finance costs	(66)	(1)	NM	(257)	(4)	NM
Share of results of associate	(2)	(19)	-89%	(34)	(30)	13%
Profit before income tax	3,025	3,178	-5%	9,905	11,193	-12%
Income tax expense	(765)	(742)	3%	(2,656)	(2,516)	6%
Profit for the financial period	2,260	2,436	-7%	7,249	8,677	-16%

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	
2019	2018		2019	2018		
(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	(42)	(45)	-7%	(38)	23	NM
Other comprehensive income for the financial period, net of tax	(42)	(45)	-7%	(38)	23	NM
Total comprehensive income for the financial period	2,218	2,391	-7%	7,211	8,700	-17%
Profit attributable to:						
Owners of the parent	2,344	2,328	1%	7,465	8,407	-11%
Non-controlling interests	(84)	108	NM	(216)	270	NM
Profit for the financial period	2,260	2,436	-7%	7,249	8,677	-16%
Total comprehensive income attributable to:						
Owners of the parent	2,303	2,283	1%	7,431	8,434	-12%
Non-controlling interests	(85)	108	NM	(220)	266	NM
Total comprehensive income for the financial period	2,218	2,391	-7%	7,211	8,700	-17%

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			12 Months Ended		
	31	31	Change	31	31	Change
	December	December		December	December	
2019	2018		2019	2018		
(Unaudited)	(Unaudited)		(Unaudited)	(Audited)		
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Depreciation of plant and equipment - cost of sales	169	148	14%	657	603	9%
Depreciation of plant and equipment - cost of sales (right-of-use assets)	112	-	NM	403	-	NM
Depreciation of plant and equipment - administrative expenses	95	84	13%	387	363	7%
Depreciation of plant and equipment - administrative expenses (right-of-use assets)	252	-	NM	1,073	-	NM
Amortisation of intangible assets – other expenses	140	140	0%	560	561	0%
Amortisation of intangible assets – administrative expenses	15	13	15%	62	64	-3%
Interest income	(124)	(128)	-3%	(500)	(446)	12%
Loss on exchange differences - net	16	1	NM	14	54	-74%
(Gain)/loss on disposal of plant and equipment	(2)	(13)	-85%	1	(37)	NM
Allowance for/(write back of) doubtful debts, net	4	(6)	NM	7	10	-30%
Provision/(write back of) provisions/accruals	-	8	NM	-	(2)	NM
Plant and equipment written-off	-	1	NM	18	38	-53%
Impairment loss for goodwill	-	-	NM	1,180	-	NM
Bad debts written-off	1	-	NM	1	-	NM
Profit guarantee from vendors ⁽¹⁾ of subsidiaries acquired	(63)	(21)	NM	(63)	(21)	NM

NM – Not meaningful

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

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 2019 (Unaudited) S\$'000	31 December 2018 (Audited) S\$'000	31 December 2019 (Unaudited) S\$'000	31 December 2018 (Audited) S\$'000
ASSETS				
Non-current assets				
Plant and equipment	3,957	3,735	25	53
Right-of-use assets	4,130	-	45	-
Intangible assets	36,358	38,182	-	1
Investment in subsidiaries	-	-	52,669	48,386
Investment in associate	186	220	-	-
Net investment of sublease	181	-	-	-
Deferred tax assets	114	-	12	-
	<u>44,926</u>	<u>42,137</u>	<u>52,751</u>	<u>48,440</u>
Current assets				
Inventories	1,208	1,115	-	-
Trade and other receivables	3,085	2,984	9,972	13,159
Prepayments	237	190	20	14
Net investment of sublease	60	-	-	-
Tax receivable	-	43	-	-
Cash and cash equivalents	25,657	27,105	5,764	7,943
	<u>30,247</u>	<u>31,437</u>	<u>15,756</u>	<u>21,116</u>
TOTAL ASSETS	<u>75,173</u>	<u>73,574</u>	<u>68,507</u>	<u>69,556</u>
EQUITY AND LIABILITIES				
Equity				
Share capital	64,741	59,673	64,741	59,673
Treasury share reserve	(105)	-	(105)	-
Other reserves	(7,540)	(3,012)	-	-
Retained earnings	6,529	10,196	3,359	9,512
Equity attributable to owners of Company	<u>63,625</u>	<u>66,857</u>	<u>67,995</u>	<u>69,185</u>
Non-controlling interests	478	745	-	-
TOTAL EQUITY	<u>64,103</u>	<u>67,602</u>	<u>67,995</u>	<u>69,185</u>
LIABILITIES				
Non-current liabilities				
Provisions	162	224	20	20
Lease liabilities	3,170	-	-	-
Deferred tax liabilities	451	564	-	-
	<u>3,783</u>	<u>788</u>	<u>20</u>	<u>20</u>
Current liabilities				
Trade and other payables	4,745	4,184	429	320
Lease liabilities	1,544	-	47	-
Current income tax payable	998	1,000	16	31
	<u>7,287</u>	<u>5,184</u>	<u>492</u>	<u>351</u>
TOTAL LIABILITIES	<u>11,070</u>	<u>5,972</u>	<u>512</u>	<u>371</u>
TOTAL EQUITY AND LIABILITIES	<u>75,173</u>	<u>73,574</u>	<u>68,507</u>	<u>69,556</u>

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 December 2019		As at 31 December 2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	1,544 ⁽¹⁾	-	-

Amount repayable after one year

As at 31 December 2019		As at 31 December 2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	3,170 ⁽¹⁾	-	-

(1) As a result of adoption of SFRS(I) 16 *Leases* on 1 January 2019. Please refer to Section 5 for details.

Details of any collateral

Not applicable. The Group did not have any secured borrowings or debts securities as at 31 December 2019 and 31 December 2018.

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 12 Months Ended	
	31 December 2019 (Unaudited) S\$'000	31 December 2018 (Unaudited) S\$'000	31 December 2019 (Unaudited) S\$'000	31 December 2018 (Audited) S\$'000
Cash flows from operating activities				
Profit before income tax	3,025	3,178	9,905	11,193
Adjustments for:				
Allowance for/(write back of) doubtful debts, net	4	(6)	7	10
Amortisation of intangible assets	155	153	622	625
Bad debts written-off	1	-	1	-
Depreciation of plant and equipment	628	232	2,520	966
(Gain)/loss on disposal of plant and equipment	(2)	(13)	1	(37)
Interest income	(124)	(128)	(500)	(446)
Interest expense	66	1	257	4
Impairment loss for goodwill	-	-	1,180	-
Plant and equipment written-off	-	1	18	38
Share of results of associate	2	19	34	30
Provision/(write back of) provisions/accruals	-	8	-	(2)
Operating cash flows before working capital changes	3,755	3,445	14,045	12,381

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	Group 3 Months Ended		Group 12 Months Ended	
	31 December 2019 (Unaudited) S\$'000	31 December 2018 (Unaudited) S\$'000	31 December 2019 (Unaudited) S\$'000	31 December 2018 (Audited) S\$'000
Working capital changes:				
- Inventories	(88)	29	(93)	62
- Trade and other receivables	(514)	(164)	(89)	(481)
- Prepayments	6	68	(47)	12
- Trade and other payables	1,047	794	652	798
Cash generated from operations	4,206	4,172	14,468	12,772
Income tax paid	(533)	(516)	(2,805)	(2,279)
Net cash from operating activities	3,673	3,656	11,663	10,493
Investing activities				
Purchase of plant and equipment	(249)	(299)	(1,361)	(884)
Purchase of intangible assets	(2)	(3)	(2)	(7)
Proceeds from disposal of plant and equipment	-	-	16	24
Subscription of shares in associate	-	-	-	(250)
Interest received	117	127	471	434
Net cash used in investing activities	(134)	(175)	(876)	(683)
Financing activities				
Dividends paid to shareholders	-	-	(10,966)	(7,653)
Share issue expenses	-	-	(15)	-
Purchase of shares in subsidiary from non-controlling interest	-	-	(80)	-
Purchase of treasury shares	-	-	(105)	-
Subscription of shares in subsidiaries by non-controlling interests	-	-	651	170
Principal element of lease liabilities	(324)	-	(1,460)	-
Interest paid	(54)	-	(235)	-
Net cash used in financing activities	(378)	-	(12,210)	(7,483)
Net increase/(decrease) in cash and cash equivalents	3,161	3,481	(1,423)	2,327
Cash and cash equivalents at beginning of financial period	22,508	23,658	27,105	24,824
Effects of exchange rate changes on cash and cash equivalents	(12)	(34)	(25)	(46)
Cash and cash equivalents at end of financial period	25,657	27,105	25,657	27,105

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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) (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	-	-	-	-	-	5,121	5,121	(132)	4,989
Other comprehensive income									
Foreign currency translation	-	-	7	-	-	-	7	(3)	4
Total comprehensive income for the financial period	-	-	7	-	-	5,121	5,128	(135)	4,993
Transactions with owners of the Company									
Issuance of ordinary shares ⁽¹⁾	5,083	-	-	-	-	-	5,083	-	5,083
Shares issue expenses	(15)	-	-	-	-	-	(15)	-	(15)
Purchase of treasury shares	-	(105)	-	-	-	-	(105)	-	(105)
Dividends	-	-	-	-	-	(10,966)	(10,966)	-	(10,966)
Total transactions with owners of the Company	5,068	(105)	-	-	-	(10,966)	(6,003)	-	(6,003)
Transactions with non-controlling interests									
Subscription of shares in subsidiary by non-controlling interests ⁽²⁾	-	-	-	-	-	-	-	651	651
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)	(18)	(4,512)
At 30 September 2019	64,741	(105)	536	(3,572)	(4,463)	4,185	61,322	563	61,885

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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 October 2019	64,741	(105)	536	(3,572)	(4,463)	4,185	61,322	563	61,885
Profit for the financial period	-	-	-	-	-	2,344	2,344	(84)	2,260
Other comprehensive income									
Foreign currency translation	-	-	(41)	-	-	-	(41)	(1)	(42)
Total comprehensive income for the financial period	-	-	(41)	-	-	2,344	2,303	(85)	2,218
At 31 December 2019	64,741	(105)	495	(3,572)	(4,463)	6,529	63,625	478	64,103

- (1) On 23 April 2019, the Company, through its wholly-owned subsidiary, ISEC Sdn. Bhd. ("ISEC KL"), 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) During the 9 months ended 30 September 2019, ISEC Myanmar Company Limited ("ISEC Myanmar"), a 51% owned indirect subsidiary of the Company, undertook four rounds of share capital injection, resulting in an increase from S\$39,000 (equivalent to US\$28,500) to S\$1,365,000 (equivalent to US\$1,000,000), through issuance of shares allotted to the existing shareholders of the subsidiary in equal proportion to their existing shareholdings.

Statements of Changes in Equity

	Attributable to owners of the company							Non-controlling interests	Total equity
	Share capital	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		
Group (Unaudited) (Restated)									
At 1 January 2018									
As previously reported	59,673	(1,233)	(3,572)	31	11,177	66,076	309	66,385	
Cumulative effects of adopting SFRS(I)	-	1,735	-	-	(1,735)	-	-	-	
As restated	59,673	502	(3,572)	31	9,442	66,076	309	66,385	
Profit for the financial period	-	-	-	-	6,079	6,079	162	6,241	
Other comprehensive income									
Foreign currency translation	-	72	-	-	-	72	(4)	68	
Total comprehensive income for the financial period	-	72	-	-	6,079	6,151	158	6,309	
Transaction with owners of the Company									
Dividends	-	-	-	-	(7,653)	(7,653)	-	(7,653)	
Total transaction with owners of the Company	-	-	-	-	(7,653)	(7,653)	-	(7,653)	
Transaction with non-controlling interests									
Subscription of shares in subsidiaries by non-controlling interests ⁽¹⁾	-	-	-	-	-	-	170	170	
Total transaction with non-controlling interests	-	-	-	-	-	-	170	170	
At 30 September 2018	59,673	574	(3,572)	31	7,868	64,574	637	65,211	

(1) In March 2018, ISEC (Sibu) Sdn. Bhd., a 55% owned indirect subsidiary of the Company, increased its share capital from S\$637,000 (equivalent to RM2,000,000) to S\$973,000 (equivalent to RM3,000,000) through issuance of shares allotted to the existing shareholders of the subsidiary in equal proportion to their existing shareholdings.

In August 2018, the Company, through its wholly-owned subsidiary, ISEC Global Pte. Ltd. ("ISEC Global"), incorporated ISEC Myanmar Company Limited ("ISEC Myanmar"), and 51% of the total shareholding is held by ISEC Global. The initial issued and paid-up share capital of ISEC Myanmar was S\$39,000 (equivalent to US\$28,500).

Statements of Changes in Equity

	Attributable to owners of the company						Non-controlling interests	Total equity
	Share capital	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		
Group (Unaudited) (Restated)								
At 1 October 2018	59,673	574	(3,572)	31	7,868	64,574	637	65,211
Profit for the financial period	-	-	-	-	2,328	2,328	108	2,436
Other comprehensive income								
Foreign currency translation	-	(45)	-	-	-	(45)	-	(45)
Total comprehensive income for the financial period	-	(45)	-	-	2,328	2,283	108	2,391
At 31 December 2018	59,673	529	(3,572)	31	10,196	66,857	745	67,602

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
Profit for the financial period, representing total comprehensive income for the financial period	-	-	2,840	2,840
Transactions with owners of the Company				
Issuance of ordinary shares	5,083	-	-	5,083
Shares issue expenses	(15)	-	-	(15)
Purchase of treasury shares	-	(105)	-	(105)
Dividends	-	-	(10,966)	(10,966)
Total transactions with owners of the Company	5,068	(105)	(10,966)	(6,003)
At 30 September 2019	64,741	(105)	1,383	66,019
At 1 October 2019	64,741	(105)	1,383	66,019
Profit for the financial period, representing total comprehensive income for the financial period	-	-	1,976	1,976
At 31 December 2019	64,741	(105)	3,359	67,995
At 1 January 2018	59,673	-	3,763	63,436
Profit for the financial period, representing total comprehensive income for the financial period	-	-	4,201	4,201
Transaction with owners of the Company				
Dividends	-	-	(7,653)	(7,653)
Total transaction with owners of the Company	-	-	(7,653)	(7,653)
At 30 September 2018	59,673	-	311	59,984
At 1 October 2018	59,673	-	311	59,984
Profit for the financial period, representing total comprehensive income for the financial period	-	-	9,201	9,201
At 31 December 2018	59,673	-	9,512	69,185

- 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 30 September 2019 and 31 December 2019	532,734,944	64,741

As at 31 December 2019, the number of ordinary shares in issue was 532,734,944 of which 386,400 were held by the Company as treasury shares. There were no treasury shares as at 31 December 2018.

Outstanding Convertibles

The Company did not have any outstanding options or convertibles as at 31 December 2019 and 31 December 2018. There have been no options and share awards granted pursuant to the Company's employee share options scheme and performance share plan.

Treasury Shares

There were 386,400 treasury shares representing 0.073% of the Company's 532,348,544 ordinary shares (excluding treasury shares) as at 31 December 2019. There were no treasury shares as at 31 December 2018.

Subsidiary Holdings

There were no subsidiary holdings as at 31 December 2019 and 31 December 2018.

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

	<u>31 December 2019</u>	<u>31 December 2018</u>
Total number of issued shares (excluding treasury shares)	532,348,544	517,095,669

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 modifications 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.

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 2018.

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 2019. On the adoption of SFRS(I)

16 Leases, the Group has recognised right-of-use assets of S\$4.58 million, net investment in sublease of S\$0.30 million and lease liabilities of S\$5.18 million for its leases previously classified as operating leases, with corresponding decrease in the opening retained earnings of S\$0.17 million and its related tax impact as of 1 January 2019.

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 2019	31 December 2018	31 December 2019	31 December 2018
Earnings per share ("EPS")	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Profit attributable to owners of the parent (S\$'000)	2,344	2,328	7,465	8,407
Weighted average number of ordinary shares in issue (excluding treasury shares)	532,348,544	517,095,669	527,569,833	517,095,669
Basic and fully diluted basis (Singapore cents) ⁽¹⁾	0.44	0.45	1.41	1.63

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

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

	Group		Company	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Net asset value attributable to owners of the parent (S\$'000)	63,625	66,857	67,995	69,185
Number of ordinary shares in issue (excluding treasury shares)	532,348,544	517,095,669	532,348,544	517,095,669
Net asset value per ordinary share (S\$)	0.12	0.13	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 financial year ended 31 December 2019 ("FY2019") and 31 December 2018 ("FY2018").

Consolidated Statement of Comprehensive Income

Revenue

The Group recorded revenue of S\$42.87 million in FY2019, an increase of 6% from S\$40.44 million in FY2018, mainly due to increased business activities from the Group's specialised health services business segment.

Cost of sales

Cost of sales increased by 9%, or S\$1.84 million, to S\$22.82 million in FY2019 arising from increased business activities from the Group's Malaysia operations and the commencement of operations of ISEC Myanmar in the second quarter ended 30 June 2019.

Gross profit and gross profit margin

Gross profit increased by 3% to S\$20.05 million in FY2019 with a decrease in gross profit margin of 1.3 percentage points from 48.1% in FY2018 to 46.8% in FY2019 as the percentage increase in cost of sales exceeded that in revenue.

Other income

Other income increased by 15%, from S\$0.61 million in FY2018 to S\$0.70 million in FY2019, mainly due to increased interest income of S\$0.05 million from the Group's fixed deposits with financial institutions and an increased compensation arising from the profit guarantee from vendors of subsidiaries acquired, from S\$0.02 million in FY2018, to S\$0.06 million in FY2019.

Administrative expenses

Administrative expenses increased by S\$0.51 million, from S\$8.17 million in FY2018 to S\$8.68 million in FY2019, mainly due to professional expenses incurred in relation to the mandatory cash offer by Aier Eye International (Singapore) Pte. Ltd., a wholly-owned subsidiary of Aier Eye Hospital Group Co., Ltd..

Other expenses

Other expenses increased from S\$0.66 million in FY2018 to S\$1.82 million in FY2019. This was mainly attributable to impairment loss for goodwill of S\$0.80 million relating to JL Medical (Sembawang) Pte. Ltd. ("JLMSB") and S\$0.38 million, relating to JL Medical (Woodlands) Pte. Ltd. ("JLMW") recorded under the general health services segment.

JLMSB's impairment loss arose as the resident doctor was on extended medical leave of absence. While the Company has hired a replacement doctor who is operating the clinic in the absence of the resident doctor, our past experience and result for FY2019 has shown that when the clinic is not helmed by the resident doctor, there is an impact on revenue.

The impairment loss of JLMW arose as the operations had been affected by the relocation of clinic premise, though it was still operating in the same vicinity, the patient visits had decreased.

Depreciation expenses

Depreciation expenses increased by S\$1.55 million from S\$0.97 million in FY2018 to S\$2.52 million in FY2019 mainly due to the depreciation charge on right-of-use assets of S\$1.48 million arising from the adoption of SFRS(I) 16.

Finance costs

Finance costs increased by S\$0.25 million in FY2019, which arose from the unwinding of lease liabilities from the adoption of SFRS(I) 16.

Income tax expense

The effective tax rates of the Group in FY2018 and FY2019 were 22% and 27% respectively. Had the impairment loss for goodwill been excluded, effective tax rate of the Group in FY2019 would have been 24%. The statutory corporate tax rates are 17% in Singapore, 24% in Malaysia and 25% in Myanmar.

Profit after tax

Net profit of the Group in FY2019 was S\$7.25 million, a decrease of S\$1.43 million compared to S\$8.68 million in FY2018, mainly due to the above-mentioned factors.

Review of comparative financial position of the Group for the financial year ended 31 December 2019 and 31 December 2018.

Consolidated Statement of Financial Position

Non-current assets

Non-current assets increased by S\$2.79 million to S\$44.93 million as at 31 December 2019 mainly due to the following:

- 1) Recognition of right-of-use assets of S\$5.60 million at cost, comprising rental of clinics and office premises and medical equipment arising from the adoption of SFRS(I) 16;

- 2) Additions to plant and equipment of S\$1.32 million at cost, mainly for the clinic operating under ISEC Myanmar;
- 3) Net investment of sublease of S\$0.18 million arising from the adoption of SFRS(I) 16, which relates to the co-sharing of a clinic premise with a third party; and
- 4) Recognition of deferred tax assets of S\$0.11 million arising from the timing difference between accrued costs and payout.

The increase in non-current assets was partially offset by the following:

- 1) Depreciation expenses of right-of-use assets of S\$1.48 million;
- 2) Impairment loss for goodwill of S\$1.18 million;
- 3) Depreciation expenses of plant and equipment of S\$1.04 million; and
- 4) Amortisation expenses of intangible assets of S\$0.62 million.

Non-current liabilities

Non-current liabilities increased by S\$3.00 million to S\$3.78 million as at 31 December 2019 mainly due to recognition of lease liabilities of S\$3.17 million arising from the adoption of SFRS(I) 16, relating to future rental of medical equipment, clinic and office premises, payable after 12 months from 31 December 2019. The increased is partially offset by utilisation of deferred tax impact on amortisation of intangible assets by S\$0.11 million.

Current liabilities

Current liabilities increased by S\$2.10 million to S\$7.29 million as at 31 December 2019 mainly as a result of recognition of lease liabilities of S\$1.54 million arising from the adoption of SFRS(I) 16, relating to future rental of medical equipment, clinic and office premises, payable within the next 12 months, as well as increased trade and other payables by S\$0.56 million, mainly due to increased purchases in line with increased business activities.

Review of cash flows of the Group for FY2019.

Consolidated Statement of Cash Flows

As at 31 December 2019, the Group had cash and cash equivalents of S\$25.66 million, as compared to S\$27.11 million of cash and cash equivalents as at 31 December 2018.

Cash flows from operating activities

In FY2019, net cash flows from operating activities was S\$11.66 million. This comprised operating cash flows before working capital changes of S\$14.05 million, and changes in working capital inflow of S\$0.42 million, which was mainly attributable to higher purchases and accrued costs which was in tandem with the increased business activities of the Group, less income tax paid of S\$2.81 million.

Cash flows used in investing activities

Net cash used in investing activities in FY2019 amounted to S\$0.88 million was mainly due to purchase of fixed assets amounting to S\$1.36 million by the Group. The cash outflow was offset by interest income received of S\$0.47 million.

Cash flows used in financing activities

Net cash used in financing activities was S\$12.21 million in FY2019, due to dividend of S\$10.97 million paid to shareholders of the Company, repayment of lease liabilities and its corresponding finance costs which aggregated to S\$1.70 million, and share buyback of S\$0.11 million. The cash outflow was offset by cash inflow of S\$0.65 million, due to additional capital injection by the non-controlling interests in ISEC Myanmar.

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.

Since the outbreak of COVID-19 that was reported in December 2019, the Group's clinic operations have stepped up screening measures on incoming patients entering the clinics. As there have been reported cases in both Singapore and Malaysia where the Group has operations in, we will continue to monitor the situation and its impact to the clinic operations.

ISEC Sdn. Bhd. (the "Purchaser"), a subsidiary wholly-owned by the Company, has entered into a conditional sale and purchase agreement dated 7 January 2020 ("SPA") with Lee Peng Hwa ("LPH"), Woi You Wan ("WYW"), Lim Siew Geok ("LSG"), Loh Swee Seng ("LSS"), Siow Yun Ching ("SYC") and Tan Siow Wei ("TSW") (collectively, the "Vendors"), in relation to the acquisition by the Purchaser of the entire issued and paid-up share capital of Indah Specialist Eye Centre Sdn. Bhd. ("Indah Specialist") from the Vendors ("Sale Shares"). Indah Specialist is expected to provide the Group with a growing stream of recurring income and cash flow in Johor Bahru.

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.

The Group continues to widen and deepen our talent pool, while we continue keeping ourselves abreast of the ophthalmology services industry by driving innovation and adopting cutting-edge procedures and technology. Our doctors also contribute to community education by participating in seminars and conducting free eye checks.

Following recent amendments to Rule 705(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst (the "Catalist Rules") which came into effect on 7 February 2020, the Company will not be required to perform quarterly reporting with effect from 7 February 2020. Accordingly, the Company's next financial results announcement (as set out in Appendix 7C of the Catalist Rules) shall be in respect of the first half of the financial year ending 30 June 2020, which will be announced via SGXNet on or before 14 August 2020. The Board believes that a half-yearly financial reporting cycle and observation of strengthened disclosure requirements will be sufficient to keep shareholders informed.

Nonetheless, the Company Board will endeavour to keep its shareholders informed by releasing the Group's relevant financial information on a voluntary basis, for the first and third quarters via SGXNet. The Board would like to assure shareholders that the Company will continue to comply with its continuing disclosure obligations to keep shareholders updated as and when appropriate.

11. Dividend

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

Yes.

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

Name of dividend	Final Dividend
Dividend type	Cash
Dividend rate	0.50 Singapore cents (S\$0.0050) 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.

(ii) Previous corresponding period (cents)

Name of dividend	Final Dividend
Dividend type	Cash
Dividend rate	0.78 Singapore cents (S\$0.0078) per ordinary share
Tax rate	Tax exempt (one-tier)

Name of dividend	Special Dividend
Dividend type	Cash
Dividend rate	0.98 Singapore cents (S\$0.0098) per ordinary share
Tax rate	Tax exempt (one-tier)

A first interim cash dividend (tax exempt one-tier) of 0.78 Singapore cents (S\$0.0078) per ordinary share was declared for the 3 months ended 30 June 2018 and paid on 28 August 2018.

- (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).**

The proposed final dividend is tax exempt (one-tier) dividend.

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

The proposed final dividend is subject to the approval of shareholders at the forthcoming annual general meeting of the Company ("AGM"). The dividends will be paid on 11 May 2020 if approved by shareholders.

- (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.**

Subject to the approval of shareholders at the forthcoming AGM, the Share Transfer Books and Register of Members of the Company will be closed at 5:00 p.m. on 30 April 2020 for the purpose of determining shareholders' entitlements to the proposed final tax exempt (one-tier) dividend in respect of the financial year ended 31 December 2019 ("**Proposed Dividend**").

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 30 April 2020 will be registered to determine shareholders' entitlements to the Proposed Dividends. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with the Company's shares at 5.00 p.m. on 30 April 2020 will be entitled to the Proposed Dividends.

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

Not applicable.

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

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

There was no IPT of S\$100,000 and above for the fourth quarter ended 31 December 2019 and FY2019.

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**

The Group has two reportable segments as described below.

- Specialised health services: provision of medical care, consultancy, treatment and surgery in the field of ophthalmology; and
- General health services: provision of general medical services.

	12 Months Ended	
	31 December 2019 S\$'000	31 December 2018 S\$'000
Segment revenue		
Specialised health services	38,821	36,426
General health services	4,051	4,018
Total	<u>42,872</u>	<u>40,444</u>
Segment profit after tax		
Specialised health services	7,377	7,614
General health services	(128)	1,063
Total	<u>7,249</u>	<u>8,677</u>

Geographical segments

The Group operates in Singapore, Malaysia and Myanmar.

	12 Months Ended	
	31 December 2019 S\$'000	31 December 2018 S\$'000
Segment revenue		
Singapore	9,497	9,422
Malaysia	33,221	31,022
Myanmar	154	_(1)
Total	<u>42,872</u>	<u>40,444</u>
Segment profit/(loss) after tax		
Singapore	1,009	2,384
Malaysia	6,781	6,320
Myanmar	(541)	(27) ⁽²⁾
Total	<u>7,249</u>	<u>8,677</u>

(1) ISEC Myanmar was incorporated in August 2018, and it had yet commenced operations as at 31 December 2018.

(2) The loss after tax for Myanmar is attributable to start-up costs of ISEC Myanmar, such as license applications.

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:

Revenue from general health services had been generally consistent in both FY2018 and FY2019.

Profit after tax decreased by S\$1.19 million, from S\$1.06 million in FY2018 to deficit S\$0.13 million in FY2019, mainly due to impairment loss for goodwill of S\$1.18 million as explained in paragraph 8.

Performance by geographical segments

Singapore operations:

Revenue from Singapore operations has been generally consistent in both FY2018 and FY2019.

Profit after tax decreased by S\$1.37 million, from S\$2.38 million in FY2018 to S\$1.01 million in FY2019, mainly due to impairment loss for goodwill of S\$1.18 million.

Malaysia operations:

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

Myanmar operations:

Our business operations in Myanmar had commenced the provision of eye checks and consultations since the second quarter ended 30 June 2019. On 22 November 2019, the Group had announced the issuance of business license from the Ministry of Health and Sports in Myanmar to ISEC Myanmar. The loss after tax in FY2019 is mainly due to the recurring fixed costs, such as depreciation expenses and staff costs.

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

	Group		
	12 Months Ended		Increase
	31 December 2019	31 December 2018	
	(Unaudited) S\$'000	(Unaudited) S\$'000	%
Sales reported for first half year	20,429	20,044	2%
Operating profit after tax before deducting non-controlling interests reported for first half year	3,315	4,414	-25%
Sales reported for second half year	22,443	20,400	10%
Operating profit after tax before deducting non-controlling interests reported for second half year	3,934	4,263	-8%

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

	FY2019 (Unaudited) S\$'000	FY2018 (Audited) S\$'000
Ordinary-Interim	1,598 ⁽¹⁾	4,033
Ordinary-Final	2,663 ⁽²⁾	4,033
Special	-	5,068
Preference	-	-
Total	4,261	13,134

⁽¹⁾ Comprised the first interim cash dividend declared for the 3 months ended 30 June 2019, further details of which are contained in Paragraph 11(b)(i).

⁽²⁾ The proposed final cash dividend (tax exempt one-tier) of 0.50 Singapore cents (S\$0.0050) 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	54	Spouse of Dr Lee Hung Ming, Executive Vice Chairman	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	(13,942) ⁽¹⁾	158
General working capital	2,500	-	(2,500) ⁽²⁾	-
Total	16,300	300	(16,442)	158

ISEC HEALTHCARE LTD.

(Company Registration No.201400185H)

- (1) Utilised for the acquisition of Southern Specialist Eye Centre Sdn. Bhd. (“SSEC”) and JL Medical (Bukit Batok) Pte. Ltd., JL Medical (Sembawang) Pte. Ltd., JL Medical (Woodlands) Pte. Ltd. and JL Medical (Yew Tee) Pte. Ltd. (“JLM Companies”), joint venture into ISEC Myanmar and subscription of shares in I Medical & Aesthetics Pte. Ltd. (“I Medical & Aesthetics”):

	Acquisition of SSEC	Acquisition of the JLM Companies	Joint venture into ISEC Myanmar	Subscription of shares in I Medical & Aesthetics	Total
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Cash consideration	5,204	6,971	1,041	250	13,466
Administrative expenses	122	268	85	1	476
Total	5,326	7,239	1,126	251	13,942

- (2) Utilised for general working capital:

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

BY ORDER OF THE BOARD

Dr Wong Jun Shyan
Executive Director and Chief Executive Officer
26 February 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 Catalyst.

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).