

ISEC HEALTHCARE LTD.

(Company Registration No.201400185H)

Unaudited Financial Statement and Dividend Announcement For the Second Quarter Ended 30 June 2015

*ISEC Healthcare Ltd. (the "**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 28 October 2014. The initial public offering of the Company (the "**IPO**") was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**" or "**PPCF**").*

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with 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.

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Background

ISEC Healthcare Ltd. (the "**Company**") was incorporated in the Republic of Singapore on 2 January 2014 under the Companies Act (Chapter 50) of Singapore as a private limited company. The Company and its subsidiaries (the "**Group**") were formed pursuant to a restructuring exercise (the "**Restructuring Exercise**") prior to listing on the Catalist of the SGX-ST on 28 October 2014. Please refer to the Company's offer document dated 14 October 2014 for further details on the Restructuring Exercise.

On 22 September 2014, ISEC Eye Pte. Ltd. ("**ISEC Eye**") (which was a standalone entity then) acquired the entire businesses of Lee HM & Co Pte. Ltd., Singapore Lasik Hub Pte. Ltd., Perfect Vision Eye Centre Pte. Ltd. and Lee Hung Ming Eye Centre Pte. Ltd. (collectively, "**LHM Companies**"), each wholly-owned by Dr Lee Hung Ming, as part of the Restructuring Exercise to streamline the Group's business operations.

On 26 September 2014, the Company completed the acquisition of the entire issued and paid up share capital of ISEC Sdn. Bhd. and its subsidiaries, by way of pooling-of-interest, and ISEC Eye, by way of acquisition accounting. Accordingly, ISEC Eye became a wholly-owned subsidiary of the Company and the Group consolidated the results of ISEC Eye with effect from 26 September 2014. As such, the comparative results of the Group for three months and six months ended 30 June 2014 were presented in a manner with the inclusion of ISEC Sdn. Bhd. and its subsidiaries then only.

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.

N¹ – 30 June 2014 figures only consist of financial results of ISEC Sdn. Bhd. and its subsidiaries in Malaysia then.

N² – 31 December 2014 and 30 June 2015 figures consist of financial results of ISEC Sdn. Bhd. and its subsidiaries in Malaysia, and financial results of ISEC Healthcare Ltd., International Specialist Eye Centre Pte. Ltd. (which was set up in August 2014) and ISEC Eye Pte. Ltd. (the acquisition of which was completed on 26 September 2014) in Singapore.

	Group 3 Months Ended			Group 6 Months Ended		
	30 June 2015 (N ²) (Unaudited) S\$'000	30 June 2014 (N ¹) (Unaudited) S\$'000	Change	30 June 2015 (N ²) (Unaudited) S\$'000	30 June 2014 (N ¹) (Unaudited) S\$'000	Change
Revenue	7,451	5,366	39%	13,824	9,951	39%
Cost of sales	(3,974)	(2,907)	37%	(7,455)	(5,598)	33%
Gross profit	3,477	2,459	41%	6,369	4,353	46%
Other item of income						
Other income	47	15	213%	85	36	136%
Other items of expense						
Selling and distribution expenses	(91)	(34)	168%	(175)	(65)	169%
Administrative expenses	(1,565)	(763)	105%	(3,097)	(1,509)	105%
Other expenses	(133)	-	NM	(266)	(33)	706%
Interest expense	(2)	(11)	-82%	(4)	(22)	-82%
Profit before income tax	1,733	1,666	4%	2,912	2,760	6%
Income tax expense	(560)	(322)	74%	(971)	(617)	57%
Profit for the financial period	1,173	1,344	-13%	1,941	2,143	-9%
Other comprehensive income						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation differences - foreign operations	(299)	18	NM	(430)	18	NM
Reclassification arising from disposal of foreign subsidiary	-	-	-	-	33	-100%

	Group 3 Months Ended			Group 6 Months Ended			
	30 June 2015 (N ²) (Unaudited) S\$'000	30 June 2014 (N ¹) (Unaudited) S\$'000	Change	30 June 2015 (N ²) (Unaudited) S\$'000	30 June 2014 (N ¹) (Unaudited) S\$'000	Change	
	Income tax relating to items that may be reclassified	-	-	-	-	-	-
	Other comprehensive income for the financial period, net of tax	(299)	18	NM	(430)	51	NM
Total comprehensive income for the financial period	874	1,362	-36%	1,511	2,194	-31%	
Profit attributable to:							
Owners of the parent	1,173	1,344	-13%	1,930	2,196	-12%	
Non-controlling interests	*	*	NM	11	(53)	NM	
Profit for the financial period	1,173	1,344	-13%	1,941	2,143	-9%	
Total comprehensive income attributable to:							
Owners of the parent	872	1,362	-36%	1,495	2,237	-33%	
Non-controlling interests	2	*	NM	16	(43)	NM	
Total comprehensive income for the financial period	874	1,362	-36%	1,511	2,194	-31%	

NM – Not meaningful

* – Amount less than S\$1,000

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 6 Months Ended		
	30 June 2015 (N ²) (Unaudited) S\$'000	30 June 2014 (N ¹) (Unaudited) S\$'000	Change	30 June 2015 (N ²) (Unaudited) S\$'000	30 June 2014 (N ¹) (Unaudited) S\$'000	Change
Depreciation of plant and equipment - cost of sales	115	79	46%	223	157	42%
Depreciation of plant and equipment – administrative expenses	93	40	133%	187	80	134%
Amortisation of intangible assets – other expenses	133	-	NM	266	-	NM
Amortisation of intangible assets – administrative expenses	6	6	0%	12	12	0%
Interest income	(45)	(14)	221%	(66)	(20)	230%
Interest expense on bank overdraft	-	11	-100%	-	22	-100%
Loss on disposal of subsidiary	-	-	-	-	33	-100%
Gain on disposal of plant and equipment	-	-	-	-	(3)	-100%

NM – Not meaningful

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

	Group		Company	
	30 June 2015 (N ²) (Unaudited) S\$'000	31 December 2014 (N ²) (Audited) S\$'000	30 June 2015 (Unaudited) S\$'000	31 December 2014 (Audited) S\$'000
ASSETS				
Non-current assets				
Plant and equipment	4,379	4,285	170	187
Investment in subsidiaries	-	-	20,090	20,090
Intangible assets	13,111	13,219	1	1
	17,490	17,504	20,261	20,278
Current assets				
Inventories	1,280	580	-	-
Trade and other receivables	2,366	2,570	8,668	7,773
Prepayments	123	179	6	9
Cash and cash equivalents	27,357	27,267	17,820	17,831
	31,126	30,596	26,494	25,613
TOTAL ASSETS	48,616	48,100	46,755	45,891
EQUITY AND LIABILITIES				
Equity				
Share capital	43,630	43,630	43,630	43,630
Reserves	(4,303)	(3,868)	-	-
Retained earnings	5,541	4,115	2,955	2,078
Equity attributable to owners of parent	44,868	43,877	46,585	45,708
Non-controlling interests	(52)	(197)	-	-
TOTAL EQUITY	44,816	43,680	46,585	45,708
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	862	908	-	-
Provisions	244	247	19	18
	1,106	1,155	19	18
Current liabilities				
Trade and other payables	2,029	2,498	151	165
Current income tax payable	665	767	-	-
	2,694	3,265	151	165
TOTAL LIABILITIES	3,800	4,420	170	183
TOTAL EQUITY AND LIABILITIES	48,616	48,100	46,755	45,891

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		6 Months Ended	
	30 June 2015 (N ²)	30 June 2014 (N ¹)	30 June 2015 (N ²)	30 June 2014 (N ¹)
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit before income tax	1,733	1,666	2,912	2,760
Adjustments for:				
Depreciation of plant and equipment	208	119	410	237
Amortisation of intangible assets	139	6	278	12
Gain on disposal of plant and equipment	-	-	-	(3)
Loss on disposal of subsidiary	-	-	-	33
Interest income	(45)	(14)	(66)	(20)
Interest expense	2	11	4	22
Operating cash flows before working capital changes	2,037	1,788	3,538	3,041
Working capital changes:				
- Inventories	548	(66)	(700)	(46)
- Trade and other receivables	268	(376)	216	(396)
- Prepayments	32	(2)	55	(79)
- Trade and other payables	(1,209)	947	(469)	564
Cash generated from operations	1,676	2,291	2,640	3,084
Income tax paid	(440)	(158)	(1,110)	(432)
Net cash from operating activities	1,236	2,133	1,530	2,652

	Group		Group	
	3 Months Ended		6 Months Ended	
	30 June 2015 (N ²)	30 June 2014 (N ¹)	30 June 2015 (N ²)	30 June 2014 (N ¹)
	(Unaudited) S\$'000	(Unaudited) S\$'000	(Unaudited) S\$'000	(Unaudited) S\$'000
Investing activities				
Purchase of plant and equipment	(161)	(25)	(632)	(52)
Purchase of intangible assets	(180)	-	(180)	-
Proceeds from disposal of plant and equipment	-	-	-	24
Proceeds from disposal of subsidiary	-	-	-	142
Interest received	34	14	55	20
Net cash (used in)/from investing activities	(307)	(11)	(757)	134
Financing activities				
Dividends paid	(504)	(1,829)	(504)	(1,829)
Subscription of shares in subsidiaries by non-controlling interests	-	-	129	-
Interest paid	-	(11)	-	(22)
Net cash used in financing activities	(504)	(1,840)	(375)	(1,851)
Net change in cash and cash equivalents	425	282	398	935
Cash and cash equivalents at beginning of financial period	27,149	2,073	27,267	1,421
Effects of exchange rate changes on cash and cash equivalents	(217)	29	(308)	28
Cash and cash equivalents at end of financial period (Note A)	27,357	2,384	27,357	2,384

Note A

	Group	
	(Unaudited)	
	30 June 2015 (N ²) S\$'000	30 June 2014 (N ¹) S\$'000
Cash and cash equivalents comprised cash at bank and petty cash	27,357	3,205
Less: Bank overdrafts	-	(821)
Cash and cash equivalents as per consolidated statement of cash flows	27,357	2,384

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

Statement of Changes in Equity

	Attributable to owners of the parent						Total Equity S\$'000
	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 2015	43,630	(3,572)	(296)	4,115	43,877	(197)	43,680
Profit for the financial period	-	-	-	757	757	11	768
Other comprehensive income							
Foreign currency translation differences – foreign operations	-	-	(134)	-	(134)	3	(131)
Total comprehensive income for the financial period	-	-	(134)	757	623	14	637
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 31 March 2015	43,630	(3,572)	(430)	4,872	44,500	(54)	44,446
At 1 April 2015	43,630	(3,572)	(430)	4,872	44,500	(54)	44,446
Profit for the financial period	-	-	-	1,173	1,173	**	1,173
Other comprehensive income							
Foreign currency translation differences – foreign operations	-	-	(301)	-	(301)	2	(299)
Total comprehensive income for the financial period	-	-	(301)	1,173	872	2	874
Transaction with non- controlling interests							
Dividends declared	-	-	-	(504)	(504)	-	(504)
Total transaction with non- controlling interests	-	-	-	(504)	(504)	-	(504)
At 30 June 2015 (N²)	43,630	(3,572)	(731)	5,541	44,868	(52)	44,816

** – Amount less than S\$1,000

Statement of Changes in Equity

Group (Unaudited)	Attributable to owners of the parent				Non- controlling interests	Total Equity
	Share capital	Foreign currency translation reserve	Retained earnings	Equity attributable to owners of the parent		
	S\$'000	S\$'000	S\$'000	S\$'000		
At 1 January 2014	418	(182)	2,147	2,383	(82)	2,301
Profit for the financial period	-	-	852	852	(53)	799
Other comprehensive income						
Foreign currency translation differences – foreign operations	-	**	**	**	**	**
Reclassification adjustment arising from disposal of foreign subsidiary	-	23	-	23	10	33
Total comprehensive income for the financial period	-	23	852	875	(43)	832
Distribution to owners of the parent						
Issuance of subscriber's shares on incorporation of the Company	*	-	-	-	-	-
Total transaction with owners of the parent	*	-	-	-	-	-
Transaction with non-controlling interests						
Disposal of subsidiary	-	-	-	-	(62)	(62)
Total transaction with non-controlling interests	-	-	-	-	(62)	(62)
At 31 March 2014	418	(159)	2,999	3,258	(187)	3,071

Statement of Changes in Equity

	Attributable to owners of the parent					Total Equity S\$'000
	Share capital	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	
Group (Unaudited)						
At 1 April 2014	418	(159)	2,999	3,258	(187)	3,071
Profit for the financial period	-	-	1,344	1,344	-	1,344
Other comprehensive income						
Foreign currency translation differences – foreign operations	-	18	-	18	-	18
Total comprehensive income for the financial period	-	18	1,344	1,362	-	1,362
At 30 June 2014 (N¹)	418	(141)	4,343	4,620	(187)	4,433

* The Company was incorporated on 2 January 2014 with an issued and paid-up share capital of S\$100 comprising 100 shares.

** – Amount less than S\$1,000

	Share capital S\$'000	Retained earnings S\$'000	Total Equity S\$'000
Company (Unaudited)			
At 1 January 2015	43,630	2,078	45,708
Loss for the financial period	-	(299)	(299)
Total comprehensive income for the financial period	-	(299)	(299)
At 31 March 2015	43,630	1,779	45,409
At 1 April 2015	43,630	1,779	45,409
Profit for the financial period	-	1,680	1,680
Total comprehensive income for the financial period	-	1,680	1,680
Transaction with owners of the Company			
Dividends declared	-	(504)	(504)
Total transaction with owners of the Company	-	(504)	(504)
At 30 June 2015	43,630	2, 955	46,585

Statement of Changes in Equity

Company (Unaudited)	Share capital S\$'000	Retained earnings S\$'000	Total Equity S\$'000
At 1 January 2014	-	-	-
Contributions by owners of the Company			
Issuance of subscriber's shares on incorporation of the Company	*	-	*
Total transaction with owners of the Company	*	-	*
At 31 March 2014	*	-	*
At 1 April 2014	*	-	*
Loss for the financial period	-	(55)	(55)
Total comprehensive income for the financial period	-	(55)	(55)
At 30 June 2014	*	(55)	(55)

* The Company was incorporated on 2 January 2014 with an issued and paid-up share capital of S\$100 comprising 100 shares.

- 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.**

Shares Capital – Ordinary Shares

The Company's issued and fully paid-up share capital as at 30 June 2015 was as follows:

	Number of ordinary shares	Issued and paid-up share capital S\$
At 1 April 2015 and 30 June 2015	458,500,000	43,630,212

The Company did not have any outstanding options, convertibles or treasury shares as at 30 June 2015 and 30 June 2014. There have been no options granted pursuant to the Company’s employee share options scheme.

- (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>30 June 2015</u>	<u>30 June 2014</u>
Total number of issued shares	458,500,000	100*

The Company did not have any treasury shares as at 30 June 2015 and 30 June 2014.

* The Company was incorporated on 2 January 2014 with an issued and paid-up share capital of S\$100 comprising 100 shares.

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 below, the accounting policies and methods of computation adopted in the financial statements for the current reporting period are consistent with those disclosed in the audited financial statements for the financial year ended 31 December 2014.

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 2015. 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		6 months ended	
	30 June 2015 (N ²) (Unaudited)	30 June 2014 (N ¹) (Unaudited)	30 June 2015 (N ²) (Unaudited)	30 June 2014 (N ¹) (Unaudited)
Earnings per share ("EPS")				
Profit attributable to owners of the parent (S\$)	1,173,351	1,344,710	1,930,553	2,196,383
Weighted average number of ordinary shares in issue	458,500,000	333,000,100 ⁽¹⁾	458,500,000	333,000,100 ⁽¹⁾
Basic and fully diluted basis (Singapore cents) ⁽³⁾	0.26	0.40	0.42	0.66
Number of ordinary shares in issue post-IPO ⁽²⁾	458,500,000	458,500,000	458,500,000	458,500,000
Basic and fully diluted basis (Singapore cents) ⁽³⁾	0.26	0.29	0.42	0.48

- (1) The calculation is based on the weighted average number of ordinary shares of the Company in issue during the respective financial periods, on the assumption that share split of each share in the Company into 7 ordinary shares on 29 September 2014 has occurred since the beginning of the respective financial period.
- (2) This is based on post-IPO share capital of 458,500,000 issued ordinary shares of the Company.
- (3) 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 period reported on; and
(b) Immediately preceding financial year

	Group		Company	
	30 June 2015 (Unaudited)	31 December 2014 (Audited)	30 June 2015 (Unaudited)	31 December 2014 (Audited)
	Net asset value (S\$)	44,816,255	43,679,776	46,585,255
Number of ordinary shares in issue	458,500,000	458,500,000	458,500,000	458,500,000
Net asset value per ordinary share (S\$)	0.10	0.10	0.10	0.10

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

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

Review of comparative performance of the Group for the 3 months ended 30 June 2015 ("2Q2015") and 30 June 2014 ("2Q2014").

- I. The figures for 2Q2014 only consist of financial results of ISEC Sdn. Bhd. and its subsidiaries in Malaysia then; and*
- II. The figures for 2Q2015 consist of financial results of ISEC Sdn. Bhd. and its subsidiaries in Malaysia, and financial results of ISEC Healthcare Ltd., International Specialist Eye Centre Pte. Ltd. (which was set up in August 2014) and ISEC Eye Pte. Ltd. (the acquisition of which was completed on 26 September 2014) in Singapore.*

Consolidated Statement of Comprehensive Income

Revenue

The Group recorded revenue of S\$7.5 million in 2Q2015, an increase of 39% as compared to S\$5.4 million in 2Q2014 mainly due to contribution from Singapore operations included in 2Q2015, and increased number of patient visits in Malaysia operations.

Cost of sales

Cost of sales increased by 37% from 2Q2014 to 2Q2015 (2Q2014: S\$2.9 million; 2Q2015: S\$4.0 million) mainly due to the increase in the Group's business activities as well as the costs of sales incurred by Singapore operations.

Selling and distribution expenses

Selling and distribution expenses increased by 168%, from S\$34,000 in 2Q2014 to S\$91,000 in 2Q2015 mainly due to marketing and advertising costs incurred to promote the Group's services in Singapore.

Administrative expenses

Administrative expenses increased by 105%, from S\$763,000 in 2Q2014 to S\$1.6 million in 2Q2015 mainly due to additional headcount to support the increased business activities of the Group, expenses incurred for corporate office activities, and the rental of the new corporate office and International Specialist Eye Centre Pte. Ltd. ("ISEC Singapore") in Singapore, as well as new office space in Kuala Lumpur, Malaysia.

Other expenses

Other expenses in 2Q2015 consisted of amortisation charge of S\$133,000, relating to the intangible assets arising from the acquisition of ISEC Eye.

Depreciation expenses

Depreciation expenses increased by 75% from S\$119,000 in 2Q2014 to S\$208,000 in 2Q2015, mainly due to the additions of plant and equipment from Singapore operations which started operating in August 2014.

Income tax expense

The effective tax rates of the Group in 2Q2014 and 2Q2015 were 19% and 32% respectively. The statutory corporate tax rates where the Group operates in are 17% in Singapore and 25% in Malaysia. The higher effective tax rate in 2Q2015 was mainly because no deferred tax asset was recognised for the losses incurred in the Company and ISEC Singapore during the financial period reported on.

Profit after tax

The net profit of the Group in 2Q2015 was S\$1.2 million, a decrease of S\$171,000 compared to S\$1.3 million in 2Q2014, mainly due to increased cost of sales and administrative expenses as stated above.

Consolidated Statement of Financial Position

Non-current assets

Non-current assets (comprising plant and equipment and intangible assets) were S\$17.5 million as at 30 June 2015, representing a decrease of S\$14,000 from S\$17.5 million as at 31 December 2014. Additional plant and equipment and computer software of S\$341,000 was purchased during 2Q2015, which was offset by depreciation and amortisation charges.

Current assets

Current assets comprised inventories, trade and other receivables, prepayments and cash and cash equivalents. Current assets increased by S\$530,000 from S\$30.6 million as at 31 December 2014 to S\$31.1 million as at 30 June 2015. This was mainly due to increased inventories in anticipation of increasing business activities.

Current liabilities

Current liabilities decreased by S\$571,000 from S\$3.3 million as at 31 December 2014 to S\$2.7 million as at 30 June 2015, mainly due to decreased trade and other payables as a result of payments made.

Consolidated Statement of Cash Flows

As at 30 June 2015, the Group had cash and cash equivalents of S\$27.4 million, as compared to S\$2.4 million of cash and cash equivalents, net of bank overdraft facilities, as at 30 June 2014.

Cash flows from operating activities

Net cash from operating activities in 2Q2015 recorded a decrease of S\$897,000, from S\$2.1 million in 2Q2014 to S\$1.2 million in 2Q2015. Although the Group's profit before tax recorded in 2Q2015 was S\$67,000 higher compared to that in 2Q2014, the Group incurred net working capital outflows of S\$361,000 as compared to net working capital inflows of S\$503,000 in 2Q2014 mainly due to reduced trade and other payables, offset by a decrease in inventories and trade and other receivables. The income tax payment was also higher at S\$440,000 in 2Q2015, compared to S\$158,000 in 2Q2014. The aforesaid factors attributed to the decrease in net cash from operating activities.

Cash flows from investing activities

Net cash used in investing activities in 2Q2015 amounted to S\$307,000, as compared to net cash used in investing activities of S\$11,000 in 2Q2014, which was mainly attributable to fixed assets and computer software additions to support increased business activities in Malaysia operations.

Cash flows from financing activities

Net cash used in financing activities of S\$504,000 in 2Q2015 was a result of the first and final tax exempt (one-tier) dividend of S\$0.0011 per ordinary share paid to the shareholders of the Company.

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.

In the last 3 months, Ringgit Malaysia ("RM") continued to depreciate further against the Singapore Dollar. The Group will continue to monitor closely on the impact of the foreign exchange on its financial position.

On 10 July 2015, it was announced that ISEC Singapore will be ceasing its eye clinic operation in Mount Elizabeth Novena Specialist Centre from December 2015 mainly due to the losses incurred since the commencement of its business operation in August 2014, challenging business prospects and high cost structure. Please refer to the Company's 10 July 2015 announcement for further details.

Nevertheless, the Board recognises that Singapore remains an important market for the healthcare business and the Group shall continue to maintain an active presence through its other established and profitable clinic in Singapore operated under ISEC Eye, where ISEC Eye provides its services in Lee Hung Ming Eye Centre at Gleneagles Hospital, Singapore.

Despite the announced cessation of the eye center in ISEC Singapore, the Group believes that it will benefit from the expected increase in demand in ophthalmology services in the Malaysia and Singapore markets where the Group operates in with its comprehensive range of services offered. The local demand and outlook for ophthalmology services in Malaysia and Singapore markets is expected to be driven by the ageing population, increased awareness of eye disorders, rising income level, increased uptake of private insurance and growth of medical tourism.

Regionally, the Group will continue to seek expansion strategies in China, India, Myanmar, the Philippines, Taiwan and Vietnam, which the Group has identified as markets with growth potential in private healthcare spending. The Group aims to expand its regional business to a size where there is a healthy and diverse mix of revenue streams from various geographical markets.

11. Dividend

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

Yes.

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

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

No dividend has been declared or recommended for 2Q2014.

(c) Date payable:

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

(d) Books closure date:

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

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

Not applicable.

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

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

There was no IPT of S\$100,000 and above for 2Q2015.

14. 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	-	14,100
General working capital	2,500	-	(2,500) ⁽¹⁾	-
Total	<u>16,300</u>	<u>300</u>	<u>(2,500)</u>	<u>14,100</u>

(1) Utilised for:

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

15. Negative Confirmation by the Board Pursuant to Rule 705(5)

The Board of Directors of the Company confirms, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results for the 3 months and 6 months financial period ended 30 June 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dr Wong Jun Shyan
Executive Director and Chief Executive Officer
12 August 2015