

ISEC HEALTHCARE LTD.

(Company Registration No.201400185H)

**Unaudited Financial Statement and Dividend Announcement
For the Third Quarter Ended 30 September 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 3 Months Ended			Group 9 Months Ended		
	30 September 2016 (Unaudited) S\$'000	30 September 2015 (Unaudited) S\$'000	Change %	30 September 2016 (Unaudited) S\$'000	30 September 2015 (Unaudited) S\$'000	Change %
Revenue	7,416	6,289	18%	22,481	20,113	12%
Cost of sales	(3,754)	(3,597)	4%	(11,477)	(11,052)	4%
Gross profit	3,662	2,692	36%	11,004	9,061	21%
Other item of income						
Other income	122	60	103%	325	145	124%
Other items of expense						
Selling and distribution expenses	(30)	(32)	-6%	(62)	(207)	-70%
Administrative expenses	(1,648)	(1,641)	0%	(4,749)	(4,738)	0%
Other expenses	(133)	(133)	0%	(399)	(399)	0%
Interest expense	(1)	(2)	-50%	(3)	(6)	-50%
Profit before income tax	1,972	944	109%	6,116	3,856	59%
Income tax expense	(294)	(278)	6%	(1,108)	(1,249)	-11%
Profit for the financial period	1,678	666	152%	5,008	2,607	92%

	Group 3 Months Ended 30 September 2016 (Unaudited) S\$'000			Group 9 Months Ended 30 September 2016 (Unaudited) S\$'000		
	30 September 2015 (Unaudited) S\$'000	Change %		30 September 2015 (Unaudited) S\$'000	Change %	
Other comprehensive income						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation differences - foreign operations	(382)	(663)	-42%	(39)	(1,093)	-96%
Income tax relating to items that may be reclassified	-	-	-	-	-	-
Other comprehensive income for the financial period, net of tax	(382)	(663)	-42%	(39)	(1,093)	-96%
Total comprehensive income for the financial period	1,296	3	NM	4,969	1,514	228%
Profit attributable to:						
Owners of the parent	1,679	680	147%	4,975	2,610	91%
Non-controlling interests	(1)	(14)	-93%	33	(3)	NM
Profit for the financial period	1,678	666	152%	5,008	2,607	92%
Total comprehensive income attributable to:						
Owners of the parent	1,296	10	NM	4,938	1,505	228%
Non-controlling interests	-	(7)	-100%	31	9	244%
Total comprehensive income for the financial period	1,296	3	NM	4,969	1,514	228%

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 9 Months Ended		
	30 September 2016 (Unaudited) S\$'000	30 September 2015 (Unaudited) S\$'000	Change %	30 September 2016 (Unaudited) S\$'000	30 September 2015 (Unaudited) S\$'000	Change %
Depreciation of plant and equipment - cost of sales	129	112	15%	384	335	15%
Depreciation of plant and equipment – administrative expenses	82	91	-10%	247	278	-11%
Amortisation of intangible assets – other expenses	133	133	0%	399	399	0%
Amortisation of intangible assets – administrative expenses	15	6	150%	38	18	111%
Interest income	(94)	(60)	57%	(261)	(126)	107%
Loss on exchange differences - net	43	150	-71%	38	150	-75%
Loss on disposal of plant and equipment	*	-	NM	1	-	NM
Property, plant and equipment written-off	1	-	NM	1	-	NM
Write-back of provisions/accruals	(30)	-	NM	(32)	-	NM

* – Amount less than S\$1,000

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 September 2016 (Unaudited) S\$'000	31 December 2015 (Audited) S\$'000	30 September 2016 (Unaudited) S\$'000	31 December 2015 (Audited) S\$'000
ASSETS				
Non-current assets				
Plant and equipment	3,741	3,639	127	153
Investment in subsidiaries	-	-	34,389	34,389
Intangible assets	24,787	25,162	6	8
Deferred tax assets	39	39	-	-
	<u>28,567</u>	<u>28,840</u>	<u>34,522</u>	<u>34,550</u>
Current assets				
Inventories	1,031	982	-	-
Trade and other receivables	1,881	1,905	4,137	2,598
Current tax assets	77	-	-	-
Prepayments	151	107	19	9
Cash and cash equivalents	26,929	24,924	16,708	16,073
	<u>30,069</u>	<u>27,918</u>	<u>20,864</u>	<u>18,680</u>
TOTAL ASSETS	<u>58,636</u>	<u>56,758</u>	<u>55,386</u>	<u>53,230</u>
EQUITY AND LIABILITIES				
Equity				
Share capital	51,462	51,462	51,462	51,462
Reserves	(4,862)	(4,825)	-	-
Retained earnings	8,185	5,362	3,493	1,406
Equity attributable to owners of parent	<u>54,785</u>	<u>51,999</u>	<u>54,955</u>	<u>52,868</u>
Non-controlling interests	(43)	(74)	-	-
TOTAL EQUITY	<u>54,742</u>	<u>51,925</u>	<u>54,955</u>	<u>52,868</u>
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	775	842	-	-
Provisions	117	114	19	19
	<u>892</u>	<u>956</u>	<u>19</u>	<u>19</u>
Current liabilities				
Trade and other payables	2,680	3,410	411	342
Current income tax payable	322	467	1	1
	<u>3,002</u>	<u>3,877</u>	<u>412</u>	<u>343</u>
TOTAL LIABILITIES	<u>3,894</u>	<u>4,833</u>	<u>431</u>	<u>362</u>
TOTAL EQUITY AND LIABILITIES	<u>58,636</u>	<u>56,758</u>	<u>55,386</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 3 Months Ended		Group 9 Months Ended	
	30 September 2016 (Unaudited) S\$'000	30 September 2015 (Unaudited) S\$'000	30 September 2016 (Unaudited) S\$'000	30 September 2015 (Unaudited) S\$'000
Cash flows from operating activities				
Profit before income tax	1,972	944	6,116	3,856
Adjustments for:				
Depreciation of plant and equipment	211	203	631	613
Amortisation of intangible assets	148	139	437	417
Write-back of provisions/accruals	(30)	-	(32)	-
Plant and equipment written-off	1	-	1	-
Loss on disposal of plant and equipment	*	-	1	-
Interest income	(94)	(60)	(261)	(126)
Interest expense	1	2	3	6
Operating cash flows before working capital changes	2,209	1,228	6,896	4,766
Working capital changes:				
- Inventories	72	505	(49)	(195)
- Trade and other receivables	37	329	10	545
- Prepayments	(68)	(17)	(43)	38
- Trade and other payables	371	(173)	(702)	(642)
Cash generated from operations	2,621	1,872	6,112	4,512
Income tax paid	(722)	(529)	(1,397)	(1,639)
Net cash from operating activities	1,899	1,343	4,715	2,873

* – Amount less than S\$1,000

ISEC HEALTHCARE LTD.

(Company Registration No.201400185H)

	Group 3 Months Ended		Group 9 Months Ended	
	30 September 2016 (Unaudited) S\$'000	30 September 2015 (Unaudited) S\$'000	30 September 2016 (Unaudited) S\$'000	30 September 2015 (Unaudited) S\$'000
Investing activities				
Purchase of plant and equipment	(499)	(31)	(738)	(663)
Purchase of intangible assets	(44)	-	(63)	(180)
Proceeds from disposal of plant and equipment	-	-	2	-
Interest received	91	43	280	98
Net cash (used in)/generated from investing activities	(452)	12	(519)	(745)
Financing activities				
Dividends paid	(1,076)	(1,009)	(2,152)	(1,513)
Subscription of shares in subsidiaries by non-controlling interests	-	-	-	129
Net cash used in financing activities	(1,076)	(1,009)	(2,152)	(1,384)
Net change in cash and cash equivalents	371	346	2,044	744
Cash and cash equivalents at beginning of financial period	26,652	27,357	24,924	27,267
Effects of exchange rate changes on cash and cash equivalents	(94)	(449)	(39)	(757)
Cash and cash equivalents at end of financial period	26,929	27,254	26,929	27,254

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					Non-controlling interests	Total Equity
	Share capital	Merger reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to owners of the parent		
	S\$'000	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	-	-	-	3,296	3,296	34	3,330
Other comprehensive income							
Foreign currency translation differences – foreign operations	-	-	346	-	346	(3)	343
Total comprehensive income for the financial period	-	-	346	3,296	3,642	31	3,673
Transaction with owners of the parent							
Dividends declared	-	-	-	(1,076)	(1,076)	-	(1,076)
Total transaction with owners of the parent	-	-	-	(1,076)	(1,076)	-	(1,076)
At 30 June 2016	51,462	(3,572)	(907)	7,582	54,565	(43)	54,522
At 1 July 2016	51,462	(3,572)	(907)	7,582	54,565	(43)	54,522
Profit for the financial period	-	-	-	1,679	1,679	(1)	1,678
Other comprehensive income							
Foreign currency translation differences – foreign operations	-	-	(383)	-	(383)	1	(382)
Total comprehensive income for the financial period	-	-	(383)	1,679	1,296	-	1,296
Transaction with owners of the parent							
Dividends declared	-	-	-	(1,076)	(1,076)	-	(1,076)
Total transaction with owners of the parent	-	-	-	(1,076)	(1,076)	-	(1,076)
At 30 September 2016	51,462	(3,572)	(1,290)	8,185	54,785	(43)	54,742

Statement of Changes in Equity

Group (Unaudited)	Attributable to owners of the parent					Non- controlling interests	Total Equity
	Share capital	Merger reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to owners of the parent		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2015	43,630	(3,572)	(296)	4,115	43,877	(197)	43,680
Profit for the financial period	-	-	-	1,930	1,930	11	1,941
Other comprehensive income							
Foreign currency translation differences – foreign operations	-	-	(435)	-	(435)	5	(430)
Total comprehensive income for the financial period	-	-	(435)	1,930	1,495	16	1,511
Transaction with owners of the parent							
Dividends declared	-	-	-	(504)	(504)	-	(504)
Total transaction with owners of the parent	-	-	-	(504)	(504)	-	(504)
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 June 2015	43,630	(3,572)	(731)	5,541	44,868	(52)	44,816
At 1 July 2015	43,630	(3,572)	(731)	5,541	44,868	(52)	44,816
Profit for the financial period	-	-	-	680	680	(14)	666
Other comprehensive income							
Foreign currency translation differences – foreign operations	-	-	(670)	-	(670)	7	(663)
Total comprehensive income for the financial period	-	-	(670)	680	10	(7)	3
Transaction with owners of the parent							
Dividends declared	-	-	-	(1,009)	(1,009)	-	(1,009)
Total transaction with owners of the parent	-	-	-	(1,009)	(1,009)	-	(1,009)
At 30 September 2015	43,630	(3,572)	(1,401)	5,212	43,869	(59)	43,810

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	-	920	920
	-	920	920
Transaction with owners of the Company			
Dividends declared	-	(1,076)	(1,076)
Total transaction with owners of the Company	-	(1,076)	(1,076)
At 30 June 2016	51,462	1,250	52,712
At 1 July 2016	51,462	1,250	52,712
Profit for the financial period, representing total comprehensive income for the financial period	-	3,319	3,319
	-	3,319	3,319
Transaction with owners of the Company			
Dividends declared	-	(1,076)	(1,076)
Total transaction with owners of the Company	-	(1,076)	(1,076)
At 30 September 2016	51,462	3,493	54,955

Company (Unaudited)	Share capital S\$'000	Retained earnings S\$'000	Total Equity S\$'000
At 1 January 2015	43,630	2,078	45,708
Profit for the financial period, representing total comprehensive income for the financial period	-	1,381	1,381
	-	1,381	1,381
Transaction with owners of the Company			
Dividends declared	-	(504)	(504)
Total transaction with owners of the Company	-	(504)	(504)
At 30 June 2016	43,630	2,955	46,585
At 1 July 2015	43,630	2,955	46,585
Profit for the financial period, representing total comprehensive income for the financial period	-	272	272
	-	272	272
Transaction with owners of the Company			
Dividends declared	-	(1,009)	(1,009)
Total transaction with owners of the Company	-	(1,009)	(1,009)
At 30 September 2015	43,630	2,218	45,848

- 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

	Number of ordinary shares	Issued and paid-up share capital S\$
At 1 July 2016 and 30 September 2016	489,211,919	51,461,751

The Company did not have any outstanding options, convertibles or treasury shares as at 30 September 2016 and 30 September 2015. There have been no options and share awards granted pursuant to the Company's employee share options scheme and performance share plan.

- 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**

	30 September 2016	31 December 2015
Total number of issued shares	489,211,919	489,211,919

The Company did not have any treasury shares as at 30 September 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 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 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		9 Months Ended	
	30 September 2016 (Unaudited)	30 September 2015 (Unaudited)	30 September 2016 (Unaudited)	30 September 2015 (Unaudited)
Earnings per share ("EPS")				
Profit attributable to owners of the parent (S\$'000)	1,679	680	4,975	2,610
Weighted average number of ordinary shares in issue	489,211,919	458,500,000	489,211,919	458,500,000
Basic and fully diluted basis (Singapore cents) ⁽¹⁾	0.34	0.15	1.02	0.57

Note:

(1) There were no potentially dilutive ordinary shares 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	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Net asset value attributable to owners of the parent (S\$'000)	54,785	51,999	54,955	52,868
Number of ordinary shares in issue	489,211,919	489,211,919	489,211,919	489,211,919
Net asset value per ordinary share (S\$)	0.11	0.11	0.11	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 3 months ended 30 September 2016 ("3Q2016") and 30 September 2015 ("3Q2015").

Consolidated Statement of Comprehensive Income

Revenue

The Group recorded revenue of S\$7,416,000 in 3Q2016, an increase of 18% from S\$6,289,000 in 3Q2015. The increase was attributable to higher revenue contribution from Malaysia operations, mainly due to the revenue contribution of S\$1,002,000 in 3Q2016 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 is offset by lower revenue in Singapore operations largely due to the cessation of clinic operations in October 2015 at Mount Elizabeth Novena Specialist Centre that was under International Specialist Eye Centre Pte. Ltd. ("ISEC Singapore").

Cost of sales

Cost of sales increased marginally by 4%, or S\$157,000, from S\$3,597,000 in 3Q2015 to

S\$3,754,000 in 3Q2016. With the completion of the acquisition of SSEC on 8 December 2015, the Group's cost of sales in 3Q2016 included SSEC's portion of S\$586,000 (3Q2015: nil, as this was before the acquisition of SSEC), which was offset by decreased cost of sales incurred by ISEC Singapore in 3Q2016 as compared to 3Q2015 due to the clinic closure as stated above.

Gross profit and gross profit margin

Gross profit increased by 36% from S\$2,692,000 in 3Q2015 to S\$3,662,000 in 3Q2016, with an increase in gross profit margin of 6.6 percentage points from 42.8% in 3Q2015 to 49.4% in 3Q2016. Both the Malaysia and Singapore operations recorded an increase in gross profit margin which was respectively due to the increase in revenue contribution and business activities of Malaysia operations and reduced cost of sales incurred by Singapore operations.

Other income

There was an increase of S\$62,000 in other income from S\$60,000 in 3Q2015 to S\$122,000 in 3Q2016 mainly due to increased interest income from short-term deposit placements with banks by the Group of S\$34,000 (3Q2015: S\$60,000; 3Q2016: S\$94,000). ISEC Singapore has also in 3Q2016 written-back expenses which amounted to S\$30,000 that were over-accrued.

Selling and distribution expenses

Selling and distribution expenses decreased by 6% from S\$32,000 in 3Q2015 to S\$30,000 in 3Q2016. No selling and distribution expenses were incurred by Singapore's operations in 3Q2016 (3Q2015: S\$12,000). Expenses incurred for marketing and advertising activities in Malaysia increased by S\$10,000 in 3Q2016, up from S\$20,000 in 3Q2015.

Administrative expenses

Administrative expenses increased marginally by S\$7,000, in 3Q2016 as compared to 3Q2015. Administrative expenses incurred by ISEC Singapore had shown a decrease of S\$220,000, from S\$225,000 in 3Q2015 to S\$5,000 in 3Q2016 as a result of the clinic closure. The decrease is offset by administrative expenses incurred by SSEC in 3Q2016 of S\$216,000 upon the completion of its acquisition on 8 December 2015.

Other expenses

Other expenses in both 3Q2015 and 3Q2016 relate to the amortisation charge on the intangible assets arising from the acquisition of ISEC Eye Pte. Ltd. ("ISEC Eye").

Depreciation expenses

Depreciation expenses increased by 4% from S\$203,000 in 3Q2015 to S\$211,000 in 3Q2016 mainly due to the depreciation charge incurred by SSEC in 3Q2016. This was offset by the decrease in depreciation expenses in 3Q2016 in relation to ISEC Singapore due to the clinic closure.

Income tax expense

The effective tax rates of the Group in 3Q2015 and 3Q2016 were 29% and 15% respectively. The statutory corporate tax rates where the Group operates in are 17% in Singapore and 24% in

Malaysia (3Q2015: 17% in Singapore and 25% in Malaysia). The lower effective tax rate in 3Q2016 was mainly because no deferred tax asset was recognised for the losses incurred in the Company and ISEC Singapore in 3Q2015 and the reversal of the over-provision of income tax expense for FY2015 in 3Q2016.

Profit after tax

As a result of the above-mentioned, net profit of the Group in 3Q2016 was S\$1,678,000, an increase of S\$1,012,000 compared to S\$666,000 in 3Q2015.

Consolidated Statement of Financial Position

Non-current assets

Non-current assets (comprising plant and equipment, intangible assets and deferred tax assets) were S\$28,567,000 as at 30 September 2016, a decrease of S\$273,000 from S\$28,840,000 as at 31 December 2015.

The decrease was mainly due to depreciation and amortisation charges of S\$631,000 and S\$437,000 respectively incurred during the nine months ended 30 September 2016 ("9M2016"). The decrease was offset by the additional purchases of S\$801,000 in 9M2016, mainly as a result of renovation costs and electrical fittings incurred for the clinic to be opened in Sibul, Malaysia, as well as the purchase of additional medical equipment, office equipment and computer software.

Current assets

Current assets comprised inventories, trade and other receivables, prepayments, current tax assets and cash and cash equivalents. Current assets increased by S\$2,151,000 from S\$27,918,000 as at 31 December 2015 to S\$30,069,000 as at 30 September 2016, mainly due to increased net cash generated from operations. Current tax assets of S\$77,000 as at 30 September 2016 were attributable to the over-provision of income tax expense for FY2015, in which the Group expects to be refunded.

Current liabilities

Current liabilities decreased by S\$875,000 from S\$3,877,000 as at 31 December 2015 to S\$3,002,000 as at 30 September 2016, mainly due to payments made to suppliers and bonus payout to staff. Current income tax payable decreased by S\$145,000 to S\$322,000 as at 30 September 2016 mainly due to income tax payment made for the Malaysia operations, offset by provision for income tax for the period ended 30 September 2016.

Consolidated Statement of Cash Flows

As at 30 September 2016, the Group had cash and cash equivalents of S\$26,929,000, as compared to S\$27,254,000 of cash and cash equivalents as at 30 September 2015.

Cash flows from operating activities

The Group recorded an increase of S\$556,000 in net cash from operating activities in 3Q2016, from S\$1,343,000 in 3Q2015 to S\$1,899,000 in 3Q2016, mainly due to the increase in the Group's profit before tax recorded in 3Q2016 which was S\$1,028,000 higher compared to that in 3Q2015. Net working capital inflows of S\$412,000 in 3Q2016 were mainly due to increase in trade and other payables, and decrease in inventories and trade and other receivables. The increase in net income tax payment of S\$193,000 and increase in prepayments in 3Q2016 contributed to cash outflow.

Cash flows used in investing activities

Net cash used in investing activities in 3Q2016 amounted to S\$452,000, a decrease of S\$464,000 as compared to net cash generated from investing activities of S\$12,000 in 3Q2015, mainly due to the increased purchase of additional plant and equipment and intangible assets (i.e. computer and system software) of S\$543,000 in 3Q2016.

Cash flows used in financing activities

Net cash used in financing activities of S\$1,076,000 in 3Q2016 (net cash used in 3Q2015: S\$1,009,000) was a result of the first interim tax-exempt (one-tier) dividend of S\$0.0022 (3Q2015: S\$0.0022) 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.

Shareholders' approval was obtained on 7 October 2016 for the Company to acquire 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"), with Dr. Lee Yeng Fen being one of the vendors. Dr. Lee Yeng Fen is the spouse of Dr. Lee Hung Ming, the Executive Vice-Chairman and a controlling shareholder of the Company. With the shareholders' approval obtained, the vendors of JLM Companies had, on the same day, transferred the legal title to all the issued and fully paid ordinary shares in the capital of JLM Companies to the Company. The completion of the acquisition is subject to the fulfillment of the conditions set out in the sale and purchase agreement, as supplemented and amended by the supplemental agreement.

Overall, our business remains positive and mainly driven by the ageing population, increased awareness of eye disorders, increased uptake of private insurance and growth of medical tourism in our Malaysia operations. 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.

Notwithstanding the termination of the memorandum of understanding with Hai Yen Anh Tran Company Limited and hence no formalised agreements to be proceeded with, the Group maintains

a positive outlook on business opportunities in Vietnam, and continues its focus on expanding in the Asia Pacific 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.

The Ringgit Malaysia had shown slight weakening against the Singapore Dollar during the 3 month-period ended 30 September 2016. The foreign exchange rate will continue to impact the Group's overall performance moving forward as a significant portion of its 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.

11. Dividend

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

Yes.

Name of dividend	Interim Dividend
Dividend type	Cash
Dividend rate	0.66 Singapore cents (S\$0.0066) 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 3Q2015.

(c) Date payable:

The interim tax exempt (one-tier) dividend will be paid on 21 November 2016.

(d) Books closure date:

The Share Transfer Books and Register of Members of the Company will be closed at 5.00 p.m. on 14 November 2016 for the purpose of determining shareholders' entitlements to the interim tax exempt (one-tier) dividend of 0.66 Singapore cents (S\$0.0066) per ordinary share for 3Q2016.

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) is payable 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 proposed acquisition of the JLM Companies constitutes an interested person transaction. Please refer to the announcements made on 27 May 2016, 6 September 2016, 6 October 2016 and 7 October 2016 and the circular dated 22 September 2016 for more details on the proposed acquisition.

Other than the above, there was no IPT of S\$100,000 and above for 3Q2016.

- 14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)**

The Company confirms that undertakings have been procured from the Board of Directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

- 15. 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 pursuant to reallocation of unutilised</u>	<u>listing expenses</u>	<u>Amount utilised</u>	<u>Balance</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Business expansion in the Asia Pacific region (including Malaysia and Singapore)	13,800	300	(5,478) ⁽¹⁾	8,622
General working capital	2,500	-	(2,500) ⁽²⁾	-
Total	16,300	300	(7,978)	8,622

(1) Utilised for:

	Acquisition of SSEC	Proposed acquisition of JLM Companies	Total
	S\$'000	S\$'000	S\$'000
Cash consideration	5,204	-	5,204
Administrative expenses	122	152	274
	5,326	152	5,478

(2) Utilised for:

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

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

The Board of Directors of the Company confirms, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results for the 3-month and 9-month financial period ended 30 September 2016 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dr Wong Jun Shyan
Executive Director and Chief Executive Officer

4 November 2016

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.