

ISEC HEALTHCARE LTD.

(Company Registration No.201400185H)

**Unaudited Financial Statement and Dividend Announcement
For the Financial Year Ended 31 December 2017**

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 2017 (Unaudited) S\$'000	31 December 2016 (Unaudited) S\$'000	Change %	31 December 2017 (Unaudited) S\$'000	31 December 2016 (Audited) S\$'000	Change %
Revenue	9,531	8,299	15%	36,976	30,780	20%
Cost of sales	(4,994)	(4,571)	9%	(19,486)	(16,047)	21%
Gross profit	4,537	3,728	22%	17,490	14,733	19%
Other item of income						
Other income	294	225	31%	597	550	9%
Other items of expense						
Selling and distribution expenses	(20)	(30)	-33%	(53)	(92)	-42%
Administrative expenses	(1,948)	(1,914)	2%	(7,387)	(6,665)	11%
Other expenses	(113)	(140)	-19%	(561)	(538)	4%
Interest expense	(3)	(1)	200%	(7)	(4)	75%
Profit before income tax	2,747	1,868	47%	10,079	7,984	26%
Income tax expense	(668)	(389)	72%	(2,194)	(1,497)	47%
Profit for the financial period	2,079	1,479	41%	7,885	6,487	22%

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	Group			Group		
	3 Months Ended			12 Months Ended		
	31	31	Change	31	31	Change
	December	December		December	December	
2017	2016		2017	2016		
(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	560	(444)	NM	512	(483)	NM
Other comprehensive income for the financial period, net of tax	560	(444)	NM	512	(483)	NM
Total comprehensive income for the financial period	2,639	1,035	155%	8,397	6,004	40%
Profit attributable to:						
Owners of the parent	2,108	1,468	44%	7,907	6,443	23%
Non-controlling interests	(29)	11	NM	(22)	44	NM
Profit for the financial period	2,079	1,479	41%	7,885	6,487	22%
Total comprehensive income attributable to:						
Owners of the parent	2,662	1,023	160%	8,409	5,961	41%
Non-controlling interests	(23)	12	NM	(12)	43	NM
Total comprehensive income for the financial period	2,639	1,035	155%	8,397	6,004	40%

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 3 Months Ended			Group 12 Months Ended		
	31 December 2017 (Unaudited) S\$'000	31 December 2016 (Unaudited) S\$'000	Change %	31 December 2017 (Unaudited) S\$'000	31 December 2016 (Audited) S\$'000	Change %
Depreciation of plant and equipment - cost of sales	154	132	17%	575	516	11%
Depreciation of plant and equipment – administrative expenses	93	84	11%	365	331	10%
Amortisation of intangible assets – other expenses	140	133	5%	561	530	6%
Amortisation of intangible assets – administrative expenses	19	17	12%	71	57	25%
Interest income	(96)	(85)	13%	(364)	(345)	6%
(Gain)/ Loss on exchange differences - net	(41)	71	NM	(15)	109	NM
Gain on disposal of plant and equipment	-	-	NM	(2)	-	NM
Plant and equipment written-off	-	3	NM	4	5	-20%
Write-back of provisions/accruals	-	-	NM	-	(32)	NM
Bad debt expense	8	6	NM	8	6	33%
Other adjustments	-	(127)	NM	-	(127)	NM
Reimbursement from vendors ⁽¹⁾ of subsidiaries acquired	(159)	-	NM	(159)	-	NM

NM – Not meaningful

(1) Vendors refer to the previous shareholders of JLM Companies prior to 1 December 2016. Reimbursement is in respect of shortfall in profit achieved.

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 2017 (Unaudited) S\$'000	31 December 2016 (Audited) S\$'000	31 December 2017 (Unaudited) S\$'000	31 December 2016 (Audited) S\$'000
ASSETS				
Non-current assets				
Plant and equipment	3,894	3,967	86	118
Investment in subsidiaries	-	-	48,386	48,386
Intangible assets	38,766	39,111	3	5
Deferred tax assets	11	30	-	-
	<u>42,671</u>	<u>43,108</u>	<u>48,475</u>	<u>48,509</u>
Current assets				
Inventories	1,177	1,218	-	-
Trade and other receivables	2,505	2,171	4,171	4,718
Current tax assets	223	103	-	-
Prepayments	202	176	16	14
Cash and cash equivalents	24,824	20,376	11,048	8,266
	<u>28,931</u>	<u>24,044</u>	<u>15,235</u>	<u>12,998</u>
TOTAL ASSETS	<u>71,602</u>	<u>67,152</u>	<u>63,710</u>	<u>61,507</u>
EQUITY AND LIABILITIES				
Equity				
Share capital	59,673	59,673	59,673	59,673
Reserves	(4,774)	(5,307)	-	-
Retained earnings	11,177	6,424	3,763	1,501
Equity attributable to owners of parent	<u>66,076</u>	<u>60,790</u>	<u>63,436</u>	<u>61,174</u>
Non-controlling interests	309	(31)	-	-
TOTAL EQUITY	<u>66,385</u>	<u>60,759</u>	<u>63,436</u>	<u>61,174</u>
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	684	761	-	-
Provisions	208	198	20	19
	<u>892</u>	<u>959</u>	<u>20</u>	<u>19</u>
Current liabilities				
Trade and other payables	3,475	4,919	234	313
Current income tax payable	850	515	20	1
	<u>4,325</u>	<u>5,434</u>	<u>254</u>	<u>314</u>
TOTAL LIABILITIES	<u>5,217</u>	<u>6,393</u>	<u>274</u>	<u>333</u>
TOTAL EQUITY AND LIABILITIES	<u>71,602</u>	<u>67,152</u>	<u>63,710</u>	<u>61,507</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 12 Months Ended	
	31 December 2017 (Unaudited) S\$'000	31 December 2016 (Unaudited) S\$'000	31 December 2017 (Unaudited) S\$'000	31 December 2016 (Audited) S\$'000
Cash flows from operating activities				
Profit before income tax	2,747	1,868	10,079	7,984
Adjustments for:				
Allowance for doubtful debts, net	8	6	8	6
Amortisation of intangible assets	159	150	632	587
Depreciation of plant and equipment	247	216	940	847
Interest income	(96)	(85)	(364)	(345)
Interest expense	3	1	7	4
Gain on disposal of plant and equipment	-	-	(2)	-
Plant and equipment written-off	-	3	4	5
Write-back of provisions/accruals	-	-	-	(32)
Other adjustments	-	(127)	-	(127)
Operating cash flows before working capital changes	3,068	2,032	11,304	8,929
Working capital changes:				
- Inventories	47	71	41	22
- Trade and other receivables	105	161	(350)	170
- Prepayments	(24)	(26)	(24)	(69)
- Trade and other payables	273	744	(644)	40
Cash generated from operations	3,469	2,982	10,327	9,092
Income tax paid	(532)	(395)	(2,038)	(1,792)
Net cash from operating activities	2,937	2,587	8,289	7,300

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	Group 3 Months Ended		Group 12 Months Ended	
	31 December 2017 (Unaudited) S\$'000	31 December 2016 (Unaudited) S\$'000	31 December 2017 (Unaudited) S\$'000	31 December 2016 (Audited) S\$'000
Investing activities				
Acquisition of subsidiaries, net of cash acquired	-	(5,607)	-	(5,607)
Purchase of plant and equipment	(250)	(289)	(681)	(1,030)
Purchase of intangible assets	(9)	(21)	(34)	(83)
Proceeds from disposal of plant and equipment	4	-	18	2
Interest received	89	60	370	340
Net cash used in investing activities	(166)	(5,857)	(327)	(6,378)
Financing activities				
Dividends paid to shareholders	-	(3,229)	(3,154)	(5,381)
Dividends paid to vendors ⁽¹⁾	-	-	(932)	-
Subscription of shares in subsidiaries by non-controlling interests	-	-	285	-
Proceeds from disposal of shares in subsidiaries to non-controlling interest without a change in control	98	-	98	-
Net cash from/ (used) in financing activities	98	(3,229)	(3,703)	(5,381)
Net increase/ (decrease) in cash and cash equivalents	2,869	(6,499)	4,259	(4,459)
Cash and cash equivalents at beginning of financial period	21,770	26,929	20,376	24,924
Effects of exchange rate changes on cash and cash equivalents	185	(54)	189	(89)
Cash and cash equivalents at end of financial period	24,824	20,376	24,824	20,376

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

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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

	Attributable to owners of the company						Non-controlling interests	Total Equity
	Share capital	Merger reserve	Foreign currency translation 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)								
At 1 January 2017	59,673	(3,572)	(1,735)	-	6,424	60,790	(31)	60,759
Profit for the financial period	-	-	-	-	5,799	5,799	7	5,806
Other comprehensive income								
Foreign currency translation differences – foreign operations	-	-	(52)	-	-	(52)	4	(48)
Total comprehensive income for the financial period	-	-	(52)	-	5,799	5,747	11	5,758
Transaction with owners of the Company								
Dividends	-	-	-	-	(3,154)	(3,154)	-	(3,154)
Total transaction with owners of the Company	-	-	-	-	(3,154)	(3,154)	-	(3,154)
Transaction with non-controlling interests								
Subscription of shares in subsidiaries by non-controlling interests	-	-	-	-	-	-	285	285
Total transaction with non-controlling interests	-	-	-	-	-	-	285	285
At 30 September 2017	59,673	(3,572)	(1,787)	-	9,069	63,383	265	63,648

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	Attributable to owners of the company						Non-controlling interests	Total Equity
	Share capital	Merger reserve	Foreign currency translation 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)								
At 1 October 2017	59,673	(3,572)	(1,787)	-	9,069	63,383	265	63,648
Profit for the financial period	-	-	-	-	2,108	2,108	(29)	2,079
Other comprehensive income								
Foreign currency translation differences – foreign operations	-	-	554	-	-	554	6	560
Total comprehensive income for the financial period	-	-	554	-	2,108	2,662	(23)	2,639
Changes in ownership interest in subsidiaries								
Disposal of shares in subsidiaries to non-controlling interest without a change in control	-	-	-	31	-	31	67	98
Total changes in ownership interest in subsidiaries	-	-	-	31	-	31	67	98
At 31 December 2017	59,673	(3,572)	(1,233)	31	11,177	66,076	309	66,385

Statements of Changes in Equity

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

Statements of Changes in Equity

Company (Unaudited)	Share capital S\$'000	Retained earnings S\$'000	Total Equity S\$'000
At 1 January 2017	59,673	1,501	61,174
Profit for the financial period, representing total comprehensive income for the financial period	-	2,197	2,197
	-	2,197	2,197
Transaction with owners of the Company			
Dividends	-	(3,154)	(3,154)
Total transaction with owners of the Company	-	(3,154)	(3,154)
At 30 September 2017	59,673	544	60,217
At 1 October 2017	59,673	544	60,217
Profit for the financial period, representing total comprehensive income for the financial period	-	3,219	3,219
	-	3,219	3,219
At 31 December 2017	59,673	3,763	63,436
At 1 January 2016	51,462	1,406	52,868
Profit for the financial period, representing total comprehensive income for the financial period	-	4,239	4,239
	-	4,239	4,239
Transaction with owners of the Company			
Dividends	-	(2,152)	(2,152)
Total transaction with owners of the Company	-	(2,152)	(2,152)
At 30 September 2016	51,462	3,493	54,955
At 1 October 2016	51,462	3,493	54,955
Profit for the financial period, representing total comprehensive income for the financial period	-	1,237	1,237
	-	1,237	1,237
Transaction with owners of the Company			
Dividends	-	(3,229)	(3,229)
Issuance of ordinary shares	8,226	-	8,226
Share issue expenses	(15)	-	(15)
Total transaction with owners of the Company	8,211	(3,229)	4,982
At 31 December 2016	59,673	1,501	61,174

- 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 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.**

Share Capital – Ordinary Shares

	Number of ordinary shares	Issued and paid-up share capital S\$
At 30 September 2017 and 31 December 2017	517,095,669	59,672,457

The Company did not have any outstanding options or convertibles as at 31 December 2017 and 31 December 2016. There have been no options and share awards granted pursuant to the Company's employee share options scheme and performance share plan.

There were also no treasury shares or subsidiary holdings as at 31 December 2017 and 31 December 2016.

- 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 2017</u>	<u>31 December 2016</u>
Total number of issued shares	517,095,669	517,095,669

There were no treasury shares as at 31 December 2017 and 31 December 2016.

- 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 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 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 2016.

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 2017. 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

Earnings per share ("EPS")	Group		Group	
	3 months ended		12 months ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Profit attributable to owners of the parent (S\$'000)	2,108	1,468	7,907	6,443
Weighted average number of ordinary shares in issue	517,095,669	498,607,530	517,095,669	491,580,128
Basic and fully diluted basis (Singapore cents) ⁽¹⁾	0.41	0.29	1.53	1.31

(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	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Net asset value attributable to owners of the parent (S\$'000)	66,076	60,790	63,436	61,174
Number of ordinary shares in issue	517,095,669	517,095,669	517,095,669	517,095,669
Net asset value per ordinary share (S\$)	0.13	0.12	0.12	0.12

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 2017 ("FY2017") and 31 December 2016 ("FY2016").

Consolidated Statement of Comprehensive Income

Revenue

Revenue for FY2017 was S\$36.98 million, an increase of 20% from S\$30.78 million in FY2016. This was attributable to increased patient visits from the Group's specialised eye care services in Malaysia and Singapore, and revenue contribution from JL Medical (Bukit Batok) Pte. Ltd., JL Medical (Sembawang) Pte. Ltd., JL Medical (Woodlands) Pte. Ltd. and JL Medical (Yew Tee) Pte. Ltd. (collectively, the "JLM Companies"), of S\$4.02 million, which were acquired on 1 December 2016.

Cost of sales

Cost of sales increased by 21%, or S\$3.44 million, to S\$19.49 million in FY2017 in tandem with the increase in revenue. The increase was also due to cost of sales incurred by JLM Companies during the year, as opposed to only one month of such cost of sales recorded in FY2016 upon acquisition into the Group.

Gross profit and gross profit margin

Gross profit increased by 19% to S\$17.49 million in FY2017 due to the increase in revenue. The gross profit margins were relatively consistent in both FY2016 (47.9%) and FY2017 (47.3%).

Administrative expenses

Administrative expenses increased by 11% to S\$7.39 million in FY2017, mainly due to the inclusion of administrative expenses incurred by JLM Companies and increased staff related-costs across the Group.

Depreciation expenses

Depreciation expenses increased by 11% to S\$0.94 million in FY2017 mainly due to additional depreciation charge incurred from fixed asset additions by Malaysian operations, as well as the inclusion of depreciation charge incurred by JLM Companies.

Income tax expense

The effective tax rates of the Group in FY2016 and FY2017 were 19% and 22% respectively. The statutory corporate tax rates are 17% in Singapore and 24% in Malaysia. The effective tax rate of the Group was higher in FY2017 as there was an under-provision of tax expense in prior year.

Profit after tax

Net profit of the Group in FY2017 was S\$7.89 million, an increase of S\$1.40 million compared to S\$6.49 million in FY2016, mainly due to the above mentioned factors.

Consolidated Statement of Financial Position

Non-current assets

Non-current assets decreased by S\$0.44 million to S\$42.67 million as at 31 December 2017 mainly due to:

- (i) decrease in intangible assets which was mainly due to amortisation expense on contractual relationships arising from the acquisition of ISEC Eye Pte. Ltd. and customer relationships arising from the acquisition of JLM Companies; and
- (ii) decrease in plant and equipment of S\$0.07 million which was mainly due to depreciation expenses amounting to S\$0.94 million, offset by plant and equipment addition of S\$0.82 million.

Current assets

Current assets increased by S\$4.89 million mainly attributable to increase in accrued revenue and cash and cash equivalents as a result of increased revenue. The Company had also accrued profit guarantee receivable from the vendors of JLM Companies of S\$0.16 million.

Current liabilities

Current liabilities decreased by S\$1.11 million to S\$4.33 million as at 31 December 2017, mainly due to dividends of S\$0.93 million paid to the vendors of JLM Companies (which were declared before the completion of the acquisition by the Company).

Consolidated Statement of Cash Flows

As at 31 December 2017, the Group had cash and cash equivalents of S\$24.82 million, as compared to S\$20.38 million of cash and cash equivalents as at 31 December 2016.

Cash flows from operating activities

In FY2017, net cash flows from operating activities was recorded at S\$8.29 million. This comprised operating cash flows before working capital changes of S\$11.30 million, less income tax paid of S\$2.04 million and changes in working capital outflow of S\$0.98 million, which was mainly due to

utilisation of advances for additional capital injection by non-controlling interests in the Company's 55% owned indirect subsidiary, ISEC (Sibu) Sdn. Bhd. ("ISEC Sibu"), and increase in trade and other receivables which was in tandem with increased revenue.

Cash flows used in investing activities

Net cash used in investing activities in FY2017 amounted to S\$0.33 million mainly due to purchase of fixed assets amounting to S\$0.68 million largely by Malaysia operations and is offset by interest income received of S\$0.37 million.

Cash flows used in financing activities

Net cash used in financing activities of S\$3.70 million was mainly due to dividends paid to shareholders of the Company and vendors of the JLM Companies.

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.

Our Group expects the healthcare industry in Singapore and the region for the next 12 months to remain challenging, however, with positive demand and outlook.

A significant portion of our Group's revenue is contributed by our Malaysian operations. The development in medical tourism in Malaysia is expected to be closely correlated to the weakening of the Malaysian Ringgit that would result in stronger purchasing power of foreign currencies, and vice versa. However, as the presentation currency of our Group is in Singapore Dollar, the revenue from our Malaysia operations translated to Singapore Dollar will be impacted by foreign exchange movements.

We are committed to offer our patients the best possible treatment and will continue to enhance our talent pool and stay at the forefront of the ophthalmology services industry by driving innovation and adopting new technology and services.

Theft at JL Medical (Yew Tee) Pte. Ltd. ("JLMYT")

There was a discovery of theft at the JLMYT clinic in January 2018 and the Company has lodged a police report in relation thereto on 15 January 2018. The expected amount of loss arising from the theft occurrence of less than S\$100,000 is not expected to have any material impact to the Group's net tangible assets per share or earnings per share for the financial year ended 31 December 2017 and for the current financial year ending 31 December 2018.

The Management had terminated the staff involved in the theft case with effect from 8 January 2018. In addition, the Management has reviewed the causes for the theft incident and had taken immediate measures to strengthen several key internal controls, and will further work with its existing outsourced internal auditors in reviewing and enhancing the Group's current set of internal control procedures.

11. Dividend

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

Yes.

Name of dividend	Final Dividend
Dividend type	Cash
Dividend rate	0.7 Singapore cents (S\$0.007) per ordinary share
Tax rate	Tax exempt (one-tier)

A first interim cash dividend (tax exempt one-tier) of 0.5 Singapore cents (S\$0.005) per ordinary share was declared for the 3 months ended 30 June 2017.

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

Yes.

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

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

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

(c) Date payable:

Subject to shareholder' approval of the proposed final dividend at the AGM, the date payable for the proposed dividend will be announced at a later date.

(d) Books closure date:

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

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

Not applicable.

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

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

There was no IPT of S\$100,000 and above for 4Q2017 and FY2017.

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 only
- General health services: provision of general medical services

	12 Months Ended	
	31 December 2017 S\$'000	31 December 2016 S\$'000
Segment revenue		
Specialised health services	32,955	30,487
General health services	4,021	293
Total	<u>36,976</u>	<u>30,780</u>
Segment profit after tax		
Specialised health services	6,986	6,451
General health services	899	36
Total	<u>7,885</u>	<u>6,487</u>

Geographical segments

The Group operates in Singapore and Malaysia.

	12 Months Ended	
	31 December 2017 S\$'000	31 December 2016 S\$'000
Segment revenue		
Singapore	9,016	4,826
Malaysia	27,960	25,954
Total	36,976	30,780
Segment profit after tax		
Singapore	2,374	1,033
Malaysia	5,511	5,454
Total	7,885	6,487

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:

Please refer to Paragraph 8.

Performance by geographical segments

Singapore operations:

The increase in revenue and profit after tax for Singapore operations were mainly due to the inclusion of JLM Companies in FY2017 as opposed to only 1 month in FY2016, as well as increased patient visits in specialised health services.

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.

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

	Group		
	12 Months Ended		Increase
	31 December 2017	31 December 2016	
	(Unaudited)	(Unaudited)	
S\$'000	S\$'000	%	
Sales reported for first half year	17,710	15,065	18%
Operating profit after tax before deducting non-controlling interests reported for first half year	3,614	3,330	9%
Sales reported for second half year	19,266	15,715	23%
Operating profit after tax before deducting non-controlling interests reported for second half year	4,271	3,157	35%

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

	FY2017 (Unaudited) S\$'000	FY2016 (Audited) S\$'000
Ordinary-Interim	2,585 ⁽¹⁾	4,305
Ordinary-Final	3,620 ⁽²⁾	569
Preference	-	-
Total	6,205	4,874

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

⁽²⁾ The proposed final dividend of 0.7 Singapore cents (S\$0.007) 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	52	Spouse of Dr Lee Hung Ming, Executive Vice Chairman and controlling shareholder of ISEC Healthcare Ltd.	Group Medical Director, JLM Companies (2016)	None

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

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

- 20. Use of IPO proceeds**

As at the date of this announcement, the status on the use of the IPO net proceeds is as follows:

	<u>Amount allocated S\$'000</u>	<u>Amount allocated pursuant to reallocation of unutilised listing expenses S\$'000</u>	<u>Amount utilised S\$'000</u>	<u>Balance S\$'000</u>
Business expansion in the Asia Pacific region (including Malaysia and Singapore)	13,800	300	(12,565) ⁽¹⁾	1,535
General working capital	2,500	-	(2,500) ⁽²⁾	-
Total	16,300	300	(15,065)	1,535

ISEC HEALTHCARE LTD.

(Company Registration No.201400185H)

(1) Utilised for the acquisition of SSEC and JLM Companies:

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

(2) Utilised for general working capital:

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

BY ORDER OF THE BOARD

Dr Wong Jun Shyan
Executive Director and Chief Executive Officer
22 February 2018

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 Catalyst. 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 (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).