

ISEC HEALTHCARE LTD.

(Company Registration No.201400185H)

**Unaudited Financial Statement Announcement
For the Third Quarter Ended 30 September 2020**

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 2020 (Unaudited) S\$'000	30 September 2019 (Unaudited) S\$'000	Change %	30 September 2020 (Unaudited) S\$'000	30 September 2019 (Unaudited) S\$'000	Change %
Revenue	11,170	10,826	3%	26,208	31,255	-16%
Cost of sales	(5,896)	(5,978)	-1%	(14,891)	(16,660)	-11%
Gross profit	5,274	4,848	9%	11,317	14,595	-22%
Other item of income						
Other income	304	143	NM	956	439	NM
Other items of expense						
Selling and distribution expenses	(4)	(12)	-67%	(34)	(36)	-6%
Administrative expenses	(2,101)	(2,163)	-3%	(6,220)	(6,266)	-1%
Other expenses	(88)	(444)	-80%	(1,357)	(1,629)	-17%
Finance costs	(122)	(59)	NM	(292)	(191)	53%
Share of results of associate	(5)	(6)	-17%	(23)	(32)	-28%
Profit before income tax	3,258	2,307	41%	4,347	6,880	-37%
Income tax expense	(728)	(633)	15%	(1,317)	(1,891)	-30%
Profit for the financial period	2,530	1,674	51%	3,030	4,989	-39%

NM – Not meaningful

ISEC HEALTHCARE LTD.

(Company Registration No.201400185H)

	Group			Group		
	3 Months Ended			9 Months Ended		
	30	30	Change	30	30	Change
	September	September		September	September	
2020	2019		2020	2019		
(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)		
	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 of subsidiaries	396	208	90%	110	4	NM
Other comprehensive income for the financial period, net of tax	396	208	90%	110	4	NM
Total comprehensive income for the financial period	2,926	1,882	55%	3,140	4,993	-37%
Profit attributable to:						
Owners of the parent	2,583	1,762	47%	3,218	5,121	-37%
Non-controlling interests	(53)	(88)	-40%	(188)	(132)	42%
Profit for the financial period	2,530	1,674	51%	3,030	4,989	-39%
Total comprehensive income attributable to:						
Owners of the parent	2,978	1,969	51%	3,328	5,128	-35%
Non-controlling interests	(52)	(87)	-40%	(188)	(135)	39%
Total comprehensive income for the financial period	2,926	1,882	55%	3,140	4,993	-37%

NM – Not meaningful

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

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

	Group			Group		
	3 Months Ended			9 Months Ended		
	30 September	30 September	Change	30	30 September	Change
	2020	2019		September	2019	
(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)		
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Depreciation of property, plant and equipment - cost of sales	181	177	2%	539	488	10%
Depreciation of right-of-use assets - cost of sales	114	106	8%	338	291	16%
Depreciation of property, plant and equipment – administrative expenses	102	103	-1%	303	292	4%
Depreciation of right-of-use assets – administrative expenses	281	267	5%	803	821	-2%
Amortisation of intangible assets – other expenses	140	140	0%	420	420	0%
Amortisation of intangible assets – administrative expenses	9	15	-40%	27	47	-43%
Interest income	(60)	(113)	-47%	(235)	(369)	-36%
Interest income – net investment in sublease	(2)	(2)	0%	(6)	(7)	-14%
Other income – government grants	(172)	(1)	NM	(503)	(20)	NM
Other income – rental rebate	(28)	-	NM	(122)	-	NM
Interest expense – loans	14	-	NM	14	-	NM
Interest expense – lease liabilities	80	58	38%	212	189	12%
Gain on exchange differences, net	(62)	(88)	-30%	(9)	(2)	NM
(Gain)/loss on disposal of plant and equipment	(15)	-	NM	(15)	3	NM
Plant and equipment written-off	-	-	NM	-	18	NM
Allowance for/(write-back of) expected credit losses, net	3	6	-50%	(18)	3	NM
Impairment loss for goodwill	-	380	NM	934	1,180	-21%
Share-based compensation expenses	26	-	NM	46	-	NM

NM – Not meaningful

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

	Group	
	30 September 2020 (Unaudited) S\$'000	31 December 2019 (Audited) S\$'000
ASSETS		
Non-current assets		
Property, plant and equipment	10,319	3,957
Right-of-use assets	5,141	4,130
Intangible assets - goodwill	42,789	33,712
Intangible assets - others	2,288	2,646
Investment in associate	163	186
Net investment in sublease	135	181
Deferred tax assets	120	114
	60,955	44,926
Current assets		
Inventories	1,336	1,208
Trade receivables, net ⁽¹⁾	2,829	2,563
Other receivables and deposits	577	522
Prepayments	271	237
Net investment in sublease	61	60
Cash and cash equivalents ⁽¹⁾	21,544	25,657
	26,618	30,247
TOTAL ASSETS	87,573	75,173
EQUITY AND LIABILITIES		
EQUITY		
Share capital	70,054	64,741
Treasury share reserve	(105)	(105)
Other reserves	(7,384)	(7,540)
Retained earnings	7,085	6,529
Equity attributable to owners of Company	69,650	63,625
Non-controlling interests	631	478
TOTAL EQUITY	70,281	64,103
LIABILITIES		
Non-current liabilities		
Other payables	552	-
Loans	3,360	-
Provisions	163	162
Lease liabilities	3,983	3,170
Deferred tax liabilities	403	451
	8,461	3,783

	Group	
	30 September 2020 (Unaudited) S\$'000	31 December 2019 (Audited) S\$'000
Current liabilities		
Trade payables	1,317	1,384
Other payables	2,120	602
Advances	225	227
Accrued expenses	506	472
Payroll payable	1,192	2,060
Loans	858	-
Lease liabilities	1,654	1,544
Current income tax payable	959	998
	8,831	7,287
TOTAL LIABILITIES	17,292	11,070
TOTAL EQUITY AND LIABILITIES	87,573	75,173

(1) Breakdown of the following in the respective currencies:

	Group	
	30 September 2020 S\$'000	31 December 2019 S\$'000
Trade receivables, net denominated in the following currencies:		
Singapore Dollar	1,529	1,449
Ringgit Malaysia	1,299	1,114
Myanmar Kyat	1	*
	2,829	2,563
Cash and cash equivalents denominated in the following currencies:		
Singapore Dollar	6,536	8,822
Ringgit Malaysia	14,717	16,795
Myanmar Kyat	64	13
United States Dollar	227	27
	21,544	25,657

* Less than S\$1,000.

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30 September 2020		As at 31 December 2019	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
858	1,654 ⁽¹⁾	-	1,544 ⁽¹⁾

Amount repayable after one year

As at 30 September 2020		As at 31 December 2019	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
3,360	3,983 ⁽¹⁾	-	3,170 ⁽¹⁾

(1) Unsecured borrowings relate to leases recognised under SFRS(I) 16 Leases.

Details of any collateral

As at 30 September 2020, the Group's secured loan of S\$4,218 million (FY2019: nil) is secured by the land and building for which the loan was entered.

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 2020	30 September 2019	30 September 2020	30 September 2019
	(Unaudited) S\$'000	(Unaudited) S\$'000	(Unaudited) S\$'000	(Unaudited) S\$'000
Cash flows from operating activities				
Profit before income tax	3,258	2,307	4,347	6,880
Adjustments for:				
Allowance for/(write-back of) expected credit losses, net	3	6	(18)	3
Amortisation of intangible assets	149	155	447	467
Depreciation of property, plant and equipment and right-of-use assets	678	653	1,983	1,892
Interest income	(62)	(115)	(241)	(376)
Interest expense	122	59	292	191
Impairment loss for goodwill	-	380	934	1,180
(Gain)/loss on disposal of plant and equipment	(15)	-	(15)	3
Plant and equipment written-off	-	-	-	18
Share-based compensation expenses	26	-	46	-
Share of results of associate	5	6	23	32
Operating cash flows before working capital changes	4,164	3,451	7,798	10,290
Working capital changes:				
- Inventories	34	9	(14)	(5)
- Trade and other receivables	(1,186)	534	(233)	425
- Prepayments	576	(7)	567	(53)
- Trade and other payables	664	258	(1,419)	(395)
Cash generated from operations	4,252	4,245	6,699	10,262
Income tax paid	(520)	(1,061)	(1,470)	(2,272)
Net cash from operating activities	3,732	3,184	5,229	7,990

ISEC HEALTHCARE LTD.

(Company Registration No.201400185H)

	Group 3 Months Ended		Group 9 Months Ended	
	30 September 2020 (Unaudited) S\$'000	30 September 2019 (Unaudited) S\$'000	30 September 2020 (Unaudited) S\$'000	30 September 2019 (Unaudited) S\$'000
Investing activities				
Proceeds from disposal of plant and equipment	-	-	-	16
Purchase of property, plant and equipment ⁽¹⁾	(2,074)	(729)	(2,756)	(1,112)
Purchase of intangible assets	(13)	-	(89)	-
Acquisition of a subsidiary, net of cash acquired	-	-	(2,946)	-
Interest received	59	109	234	354
Net cash used in investing activities	(2,028)	(620)	(5,557)	(742)
Financing activities				
Dividends paid	(2,662)	(1,597)	(2,662)	(10,966)
Repayment of loans ⁽¹⁾	(71)	-	(71)	-
Subscription of shares in subsidiaries by non-controlling interests	107	270	341	651
Share issue expenses	-	-	(16)	(15)
Purchase of treasury shares	-	-	-	(105)
Purchase of shares in subsidiary from non-controlling interest	-	-	-	(80)
Principal element of lease liabilities	(443)	(397)	(1,220)	(1,136)
Interest paid	(78)	(61)	(178)	(181)
Net cash used in financing activities	(3,147)	(1,785)	(3,806)	(11,832)
Net (decrease)/increase in cash and cash equivalents	(1,443)	779	(4,134)	(4,584)
Cash and cash equivalents at beginning of financial period	22,909	21,671	25,657	27,105
Effects of exchange rate changes on cash and cash equivalents	78	58	21	(13)
Cash and cash equivalents at end of financial period	21,544	22,508	21,544	22,508
(1) Non-cash transaction - investing and financing activities				
Purchase of property partially financed through loan facility	4,254	-	4,254	-

On 6 August 2020, ISEC (Penang) Sdn. Bhd., a wholly-owned indirect subsidiary of the Company, entered into a 5-year term loan facility to partially finance the acquisition of land and building, with an aggregate cost of RM18,922,000 (equivalent to S\$6,191,000), of which RM13,000,000 (equivalent to S\$4,254,000) was satisfied by the loan facility. The loan bears a floating interest rate of the bank's Cost of Funds + 0.5% margin per annum and is secured by the land and building for which the loan was entered. The interest rate for the period from August to September 2020 was 2.85%.

The remaining balance of RM5,922,000 (equivalent to S\$1,937,000) was satisfied by the Group's cash and included in purchase of property, plant and equipment.

ISEC HEALTHCARE LTD.

(Company Registration No.201400185H)

1(d)(i) A statement for the group showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Statements of Changes in Equity

Group (Unaudited)	Attributable to owners of the company								Non- controlling interests	Total equity
	Share capital	Treasury share reserve	Foreign currency translation reserve	Merger reserve	Capital reserve	Share option reserve	Retained earnings	Equity attributable to owners of the company		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		
At 1 January 2020	64,741	(105)	495	(3,572)	(4,463)	-	6,529	63,625	478	64,103
Profit for the financial period	-	-	-	-	-	-	635	635	(135)	500
Other comprehensive income										
Foreign currency translation	-	-	(285)	-	-	-	-	(285)	(1)	(286)
Total comprehensive income for the financial period	-	-	(285)	-	-	-	635	350	(136)	214
Transactions with owners of the Company										
Issuance of ordinary shares ⁽¹⁾	5,329	-	-	-	-	-	-	5,329	-	5,329
Shares issue expenses	(16)	-	-	-	-	-	-	(16)	-	(16)
Dividends	-	-	-	-	-	-	(2,662)	(2,662)	-	(2,662)
Grant of share options to employees ⁽²⁾	-	-	-	-	-	20	-	20	-	20
Total transactions with owners of the Company	5,313	-	-	-	-	20	(2,662)	2,671	-	2,671
Transaction with non-controlling interests										
Subscription of shares in subsidiary by non-controlling interests ⁽³⁾	-	-	-	-	-	-	-	-	339	339
Total transaction with non-controlling interests	-	-	-	-	-	-	-	-	339	339
At 30 June 2020	70,054	(105)	210	(3,572)	(4,463)	20	4,502	66,646	681	67,327

Statements of Changes in Equity

Group (Unaudited)	Attributable to owners of the company								Non- controlling interests	Total equity
	Share capital	Treasury share reserve	Foreign currency translation reserve	Merger reserve	Capital reserve	Share option reserve	Retained earnings	Equity attributable to owners of the company		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		
At 1 July 2020	70,054	(105)	210	(3,572)	(4,463)	20	4,502	66,646	681	67,327
Profit for the financial period	-	-	-	-	-	-	2,583	2,583	(53)	2,530
Other comprehensive income										
Foreign currency translation	-	-	395	-	-	-	-	395	1	396
Total comprehensive income for the financial period	-	-	395	-	-	-	2,583	2,978	(52)	2,926
Transaction with owners of the Company										
Grant of share options to employees ⁽²⁾	-	-	-	-	-	26	-	26	-	26
Total transaction with owners of the Company	-	-	-	-	-	26	-	26	-	26
Transaction with non-controlling interests										
Subscription of shares in subsidiary by non-controlling interests ⁽⁴⁾	-	-	-	-	-	-	-	-	2	2
Total transaction with non-controlling interests	-	-	-	-	-	-	-	-	2	2
At 30 September 2020	70,054	(105)	605	(3,572)	(4,463)	46	7,085	69,650	631	70,281

(1) On 27 February 2020, the Company, through its wholly-owned subsidiary, ISEC Sdn. Bhd. ("ISEC KL"), completed the acquisition of Indah Specialist Eye Centre Sdn. Bhd. ("Indah Specialist"), by way of the allotment and issuance of 17,950,913 consideration shares, equivalent to fair value consideration of S\$5,329,000 to the Vendors.

(2) The Company has granted 3,809,150 options under the ISEC Healthcare Share Option Scheme on 22 April 2020.

(3) As at 31 March 2020, ISEC Myanmar Company Limited ("ISEC Myanmar"), a 51% owned indirect subsidiary of the Company, has undertaken share capital injection, resulting in an increase from S\$1,365,000 (equivalent to US\$1,000,000) to S\$2,058,000 (equivalent to US\$1,500,000), through issuance of shares allotted to the existing shareholders of the subsidiary in equal proportion to their existing shareholdings.

(4) In July 2020, the Company, through its wholly-owned subsidiary, ISEC Sdn. Bhd. ("ISEC KL"), incorporated ISEC (Kuching) Sdn. Bhd. ("ISEC Kuching"), and 51% of the total shareholding is held by ISEC KL. The initial issued and paid-up share capital of ISEC Kuching was S\$3,000 (equivalent to RM10,000).

Statements of Changes in Equity

Group (Unaudited) (Restated)	Attributable to owners of the company							Non- controlling interests	Total equity
	Share capital	Treasury share reserve	Foreign currency translation reserve	Merger reserve	Capital reserve	Retained earnings	Equity attributable to owners of the company		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		
At 1 January 2019									
As previously reported	59,673	-	529	(3,572)	31	10,196	66,857	745	67,602
Effect of adoption of SFRS(I) 16	-	-	-	-	-	(166)	(166)	(29)	(195)
As restated	59,673	-	529	(3,572)	31	10,030	66,691	716	67,407
Profit for the financial period	-	-	-	-	-	3,359	3,359	(44)	3,315
Other comprehensive income									
Foreign currency translation	-	-	(200)	-	-	-	(200)	(4)	(204)
Total comprehensive income for the financial period	-	-	(200)	-	-	3,359	3,159	(48)	3,111
Transaction with owners of the Company									
Issuance of ordinary shares ⁽¹⁾	5,083	-	-	-	-	-	5,083	-	5,083
Shares issue expenses	(15)	-	-	-	-	-	(15)	-	(15)
Purchase of treasury shares	-	(105)	-	-	-	-	(105)	-	(105)
Dividends	-	-	-	-	-	(9,369)	(9,369)	-	(9,369)
Total transaction with owners of the Company	5,068	(105)	-	-	-	(9,369)	(4,406)	-	(4,406)
Transaction with non-controlling interests									
Subscription of shares in subsidiary by non-controlling interests ⁽²⁾	-	-	-	-	-	-	-	381	381
Acquisition of non-controlling interests' shares without a change in control ⁽¹⁾	-	-	-	-	(4,494)	-	(4,494)	(669)	(5,163)
Total transaction with non-controlling interests	-	-	-	-	(4,494)	-	(4,494)	(288)	(4,782)
At 30 June 2019	64,741	(105)	329	(3,572)	(4,463)	4,020	60,950	380	61,330

Statements of Changes in Equity

Group (Unaudited) (Restated)	Attributable to owners of the company							Non- controlling interests	Total equity
	Share capital	Treasury share reserve	Foreign currency translation reserve	Merger reserve	Capital reserve	Retained earnings	Equity attributable to owners of the company		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		
At 1 July 2019	64,741	(105)	329	(3,572)	(4,463)	4,020	60,950	380	61,330
Profit for the financial period	-	-	-	-	-	1,762	1,762	(88)	1,674
Other comprehensive income									
Foreign currency translation	-	-	207	-	-	-	207	1	208
Total comprehensive income for the financial period	-	-	207	-	-	1,762	1,969	(87)	1,882
Transaction with owners of the Company									
Dividends	-	-	-	-	-	(1,597)	(1,597)	-	(1,597)
Total transaction with owners of the Company	-	-	-	-	-	(1,597)	(1,597)	-	(1,597)
Transaction with non-controlling interests									
Subscription of shares in subsidiary by non-controlling interests ⁽³⁾	-	-	-	-	-	-	-	270	270
Total transaction with non-controlling interests	-	-	-	-	-	-	-	270	270
At 30 September 2019	64,741	(105)	536	(3,572)	(4,463)	4,185	61,322	563	61,885

(1) On 23 April 2019, the Company, through its wholly-owned subsidiary, ISEC Sdn. Bhd. ("ISEC KL"), completed the acquisition of the remaining 49% shareholding in ISEC (Penang) Sdn. Bhd. ("ISEC Penang"), by way of the allotment and issuance of 15,639,275 consideration shares, equivalent to fair value consideration of S\$5,083,000 to the non-controlling interests.

(2) In January 2019, February 2019 and April 2019, ISEC Myanmar Company Limited ("ISEC Myanmar"), a 51% owned indirect subsidiary of the Company, undertook three rounds of share capital injection, resulting in an increase from S\$39,000 (equivalent to US\$28,500) to S\$815,000 (equivalent to US\$600,000), through issuance of shares allotted to the existing shareholders of the subsidiary in equal proportion to their existing shareholdings.

(3) In August 2019, ISEC Myanmar increased its share capital from S\$815,000 (equivalent to US\$600,000) to S\$1,365,000 (equivalent to US\$1,000,000), through issuance of shares allotted to the existing shareholders of the subsidiary in equal proportion to their existing shareholdings.

2. Review of comparative performance of the Group for the 3 months ended 30 September 2020 (“3Q2020”) and 30 September 2019 (“3Q2019”), and 9 months ended 30 September 2020 (“9M2020”) and 30 September 2019 (“9M2019”), where applicable.

Revenue

3Q2020 vs 3Q2019

The Group’s revenue for 3Q2020 was S\$11.17 million, an increase of S\$0.34 million, or marginally by 3%, compared to that in 3Q2019. The Group acquired Indah Specialist on 27 February 2020, which contributed to the Group’s total revenue in 3Q2020. Excluding contribution from Indah Specialist, the Group’s revenue for 3Q2020 showed a decrease of S\$0.75 million, or 7%, compared to that in 3Q2019. The business activities of the Group in both Malaysia and Singapore had decreased in 3Q2020 compared to that in 3Q2019 due to the outbreak of the COVID-19 pandemic (“COVID-19”) in both regions.

9M2020 vs 9M2019

Revenue for 9M2020 was recorded at S\$26.21 million, a decrease of 16% from S\$31.26 million in 9M2019. Excluding contribution from Indah Specialist, the Group’s revenue for 9M2020 showed a decrease of S\$7.11 million, or 23%, compared to that for 9M2019. The business activities from the Group’s specialised health services segment in both Malaysia and Singapore were adversely affected due to the outbreak of COVID-19.

Cost of sales

3Q2020 vs 3Q2019

Cost of sales was generally consistent to revenue fluctuation, with a decrease of 1%, or S\$0.08 million, from S\$5.98 million in 3Q2019 to S\$5.90 million in 3Q2020. Excluding contribution from Indah Specialist, the Group’s cost of sales for 3Q2020 showed a decrease of S\$0.68 million, or 11% compared to that for 3Q2019. This decrease is in line with the decrease in revenue due to the reduced business activities in the Group’s operations in both Malaysia and Singapore.

9M2020 vs 9M2019

Cost of sales for 9M2020 was recorded at S\$14.89 million, a decrease of 11%, or S\$1.77 million from S\$16.66 million in 9M2019. Excluding contribution from Indah Specialist, the Group’s cost of sales for 9M2020 showed a decrease of S\$2.89 million, or 17%, compared to that for 9M2019. This was attributable to decreased business activities mainly in the specialised health services segment as revenue decreased by 23% in 9M2020. The lower drop in the cost of sales compared to the drop in revenue was mainly due to an increase in headcount on specialised doctors, from 28 in 9M2019 to 31 in 9M2020.

Gross profit and gross profit margin

3Q2020 vs 3Q2019

Gross profit increased by 9% to S\$5.27 million in 3Q2020 with an increase in gross profit margin of 2.4 percentage points, from 44.8% in 3Q2019 to 47.2% in 3Q2020. Excluding contribution by Indah Specialist, the gross profit decreased marginally by 1% to S\$4.78 million in 3Q2020, with an increase in gross profit margin of 2.6 percentage points to 47.4% in 3Q2020 compared to 44.8% in 3Q2019.

9M2020 vs 9M2019

Gross profit decreased by 22% to S\$11.32 million in 9M2020 with a decrease in gross profit margin of 3.5 percentage points, from 46.7% in 9M2019 to 43.2% in 9M2020. Excluding contribution by Indah Specialist, gross profit decreased by 29%, or S\$4.22 million to S\$10.38 million in 9M2020, with a decrease in gross profit margin of 3.7 percentage points, to 43.0% in 9M2020. This was mainly due to the decreased business activities from the Group's specialised health services segment in both Singapore and Malaysia.

Profit after tax

3Q2020 vs 3Q2019

The Group recorded impairment loss for goodwill of S\$0.38 million in 3Q2019, which was absent in 3Q2020. In 3Q2020, the Group recorded government grants and rental rebates arising as part of the respective governments' support measures to relief operations affected by COVID-19, amounting to S\$0.20 million.

As a result, the Group reported a net profit of S\$2.53 million in 3Q2020. This is an increase of S\$0.86 million compared to a net profit of S\$1.67 million in 3Q2019. The Group's profit after tax for 3Q2020 showed an increase of S\$0.62 million, or 37% compared to that in 3Q2019, excluding contribution by Indah Specialist.

9M2020 vs 9M2019

The Group reported a net profit of S\$3.03 million in 9M2020, after recording an impairment loss for goodwill of S\$0.93 million. This was a decrease of S\$1.96 million compared to net profit of S\$4.99 million in 9M2019, after recording an impairment loss for goodwill of S\$1.18 million. Excluding contribution by Indah Specialist, the Group's profit after tax for 9M2020 showed a decrease of S\$2.38 million, or 48% compared to that in 3Q2019.

The decrease in net profits between the periods was mainly attributable to the reduction in the Group's business activities in both Singapore and Malaysia which resulted in a decrease of S\$4.22 million in gross profit, excluding contribution by Indah Specialist.

The decrease was offset by the following factors:

- i) Increase in government grants and rental rebates, from S\$0.02 million in 9M2019 to S\$0.63 million in 9M2020;
- ii) Lower impairment loss for goodwill recorded in 9M2020; and
- iii) Lower income tax expense recorded as a result of reduced profits in 9M2020.

Review of comparative financial position of the Group for the 9 months ended 30 September 2020 and 31 December 2019.

Consolidated Statement of Financial Position

Property, plant and equipment

Property, plant and equipment increased by S\$6.36 million to S\$10.32 million as at 30 September 2020. This was mainly attributable to the following:

- i) Purchase of property by the Group's indirect subsidiary, ISEC (Penang) Sdn. Bhd. ("ISEC Penang"), of S\$6.19 million (equivalent to RM18.92 million), for expansion purpose; and
- ii) Plant and equipment additions arising from the acquisition of Indah Specialist of S\$0.52 million.

Loans

As at 30 September 2020, the Group has recorded S\$3.36 million and S\$0.86 million of loans as non-current and current liabilities respectively, totaling S\$4.22 million. This relates to a new loan facility entered into by ISEC Penang to partially finance the acquisition of land and building. The loan is secured by the said land and building.

Other payables

As at 30 September 2020, the Group recorded S\$0.55 million and S\$1.74 million of other payables as non-current and current liabilities respectively which pertained to the balance purchase consideration for the acquisition of Indah Specialist that was completed on 27 February 2020.

3. 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.

While the Group sees some of our services across the Group gradually pick up when control measures are progressively lifted, based on the current situation, the management is of the view that the Group's financial performance for FY2020 is likely to be lower as compared to FY2019.

Kuala Lumpur, Selangor and Putrajaya have been placed under Conditional Movement Control Order ("CMCO") since 14 October 2020 due to the increase in reported COVID-19 cases in several districts within the Klang Valley, Malaysia. The government of Malaysia has tightened measures in terms of interstate travelling, and various movement restrictions within these areas. While ISEC KL, being one of the Group's main revenue contributors, remains opened for business, its operations may be affected by the CMCO measures. In view of the situation above, ISEC KL's Ophthalmologists have accepted a reduction in their salaries by 15% in October 2020. We will continue to monitor the situation and its impact to the clinic operations in the following months and beyond.

In an effort to reach out to the neighbourhood hub for the provision of eye checks and related services, the Group intends to set up an eye service centre within the general practice clinic premise of JL Medical (Yew Tee). The Group will be commencing some refurbishment works and applying for medical clinic license for such services later this year.

ISEC HEALTHCARE LTD.

(Company Registration No.201400185H)

BY ORDER OF THE BOARD

Dr Lee Hung Ming
Executive Vice Chairman
21 October 2020

This announcement has been reviewed by the Company's Sponsor. It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Ms Gillian Goh, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.