

Half Year Financial Statement and Dividend Announcement for the period ended 30 September 2006

1 (a)(i) **An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

Consolidated Income Statement for the 6 months ended 30 September 2006.

These figures have not been audited or reviewed.

	Group		Increase / (Decrease) %
	Half year ended 30/9/2006 S\$'000	Half year ended 30/9/2005 S\$'000	
Revenue	7,629	6,377	20
Other income	79	66	20
Supplies and consumables	(887)	(765)	16
Staff costs	(3,741)	(3,263)	15
Depreciation of property, plant and equipment	(492)	(378)	30
Operating lease expense	(936)	(834)	12
Other operating expenses	(1,177)	(893)	32
Finance costs	(484)	(163)	197
Share of profit of associate	29	-	100
Deficit goodwill	1,044	-	100
Profit from ordinary activities before taxation	<u>1,064</u>	<u>147</u>	624
Income tax expense	-	(88)	(100)
Net profit for the period	<u><u>1,064</u></u>	<u><u>59</u></u>	1703
Attributable to:			
Equity holders of the parent	1,227	346	255
Minority interests	(163)	(287)	(43)
Net profit for the period	<u><u>1,064</u></u>	<u><u>59</u></u>	1703

1 (a)(ii) Notes to the Consolidated Income Statement

The following items have been included in arriving at profit from operations:

	Group		
	Half year ended 30/9/2006 S\$'000	Half year ended 30/9/2005 S\$'000	Increase / (Decrease) %
Dividend income from investments	3	1	200
Gain on disposal of property, plant and equipment	9	-	100
Gain on disposal of investment	*	50	(99)
Interest income	19	13	46
Waiver of debts owed by a subsidiary	106	-	100
Loss on remeasurement of investments held for trading	(72)	-	100

* Amount is less than \$1,000

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

	Consolidated Balance Sheet as at 30 September 2006			
	Group		Company	
	Actual	Actual	Actual	Actual
	30/9/2006	31/3/2006	30/9/2006	31/3/2006
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	42,396	37,211	29,958	30,015
Goodwill on consolidation	185	185	-	-
Subsidiaries	-	-	5,990	5,040
Associate	1,218	1,188	-	-
Other Investments	1,999	1,999	1,999	1,999
	<u>45,798</u>	<u>40,583</u>	<u>37,947</u>	<u>37,054</u>
Current assets				
Inventories	87	69	-	-
Trade and other receivables	1,975	1,894	7,660	5,421
Other investments	135	217	135	217
Cash and cash equivalents	1,134	3,283	496	2,662
	<u>3,331</u>	<u>5,463</u>	<u>8,291</u>	<u>8,300</u>
Total assets	<u>49,129</u>	<u>46,046</u>	<u>46,238</u>	<u>45,354</u>
Equity attributable to equity holders of the parent				
Share capital	17,634	17,634	17,634	17,634
Revaluation reserve	1,824	-	-	-
Currency translation reserve	2	1	-	-
Merger deficit	(1,485)	(1,485)	-	-
Accumulated profits	5,623	4,397	3,288	2,786
	<u>23,598</u>	<u>20,547</u>	<u>20,922</u>	<u>20,420</u>
Minority interests	-	756	-	-
Total Equity	<u>23,598</u>	<u>21,303</u>	<u>20,922</u>	<u>20,420</u>
Non-current liabilities				
Interest-bearing bank loans	18,954	19,841	18,954	19,841
Finance lease liabilities	32	32	32	32
Deferred tax liability	1,119	195	59	59
	<u>20,105</u>	<u>20,068</u>	<u>19,045</u>	<u>19,932</u>
Current liabilities				
Trade and other payables	3,375	3,248	4,359	3,741
Interest-bearing bank loans	1,842	1,046	1,842	1,046
Finance lease liabilities	22	22	22	22
Current tax payable	187	359	48	193
	<u>5,426</u>	<u>4,675</u>	<u>6,271</u>	<u>5,002</u>
Total liabilities	<u>25,531</u>	<u>24,743</u>	<u>25,316</u>	<u>24,934</u>
Total equity and liabilities	<u>49,129</u>	<u>46,046</u>	<u>46,238</u>	<u>45,354</u>

* The fair values assigned to West Point Family Hospital's assets acquired and liabilities assumed as a result of the acquisition on 1 September 2006 are determined only provisionally and adjustments may be required to be made to the provisional values of the acquired assets and liabilities within twelve months of the acquisition in accordance with paragraph 62 of Singapore Financial Reporting Standards 103 - Business Combinations (FRS 103).

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

Amount repayable in one year or less, or on demand

	As at 30/9/2006 S\$'000	As at 31/3/2006 S\$'000
Secured	1,864	1,068
Unsecured	-	-
	<u>1,864</u>	<u>1,068</u>

Amount repayable after one year

	As at 30/9/2006 S\$'000	As at 31/3/2006 S\$'000
Secured	18,986	19,873
Unsecured	-	-
	<u>18,986</u>	<u>19,873</u>

The bank loans and bank overdrafts are secured by corporate guarantees from its subsidiaries, Econ Nursing Home Services (1987) Pte. Ltd., Econ Medicare Centre Pte. Ltd. and on the following assets:

	Group & Company	
	Actual 30/9/2006 S\$'000	Actual 31/3/2006 S\$'000
Freehold land and building - at valuation	23,758	25,912
Freehold building - at cost	4,487	2,452
Carrying Amounts	<u>28,245</u>	<u>28,364</u>

1(c) **A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

Consolidated Statement of Cash Flows for the period ended 30 September 2006.

	Group	
	Half year ended 30/9/2006	Half year ended 30/9/2005
	S\$'000	S\$'000
Operating activities		
Profit from ordinary activities before taxation	1,064	147
Adjustments for :		
Dividend income	(3)	(1)
Depreciation of property, plant and equipment	492	378
Deficit goodwill	(1,044)	-
Gain on disposal of property, plant and equipment	(9)	-
Gain on disposal of investment	*	(50)
Share of profit of associate	(29)	-
Interest income	(19)	(13)
Interest expense	484	163
Loss on remeasurement of investments held for trading	72	-
Operating profit before working capital changes	<u>1,008</u>	<u>624</u>
Change in working capital:		
Inventories	(18)	*
Trade and other receivables	(81)	(166)
Trade and other payables	(365)	231
Cash generated from operations	<u>544</u>	<u>689</u>
Income taxes paid	(175)	(136)
Cash flows from operating activities	<u>369</u>	<u>553</u>
Investing activities		
Dividend received	3	1
Interest received	19	13
Purchase of property, plant and equipment	(1,039)	(1,147)
Purchase of additional equity interest in a subsidiary	(950)	-
Proceeds from sale of quoted investments	10	134
Proceeds from sale of property, plant and equipment	14	*
Cash flows from investing activities	<u>(1,943)</u>	<u>(999)</u>
Financing activities		
Interest paid	(484)	(163)
Dividends paid	-	(391)
Payment of finance lease liabilities	(11)	(11)
Proceeds from bank loans	-	1,000
Repayment of bank loans	(835)	(1,997)
Proceeds from issue of shares	-	7,754
Share issue expenses	-	(57)
Cash flows from financing activities	<u>(1,330)</u>	<u>6,135</u>
Net increase/(decrease) in cash and cash equivalents	(2,904)	5,689
Cash and cash equivalents at beginning of the period	3,128	239
Effect of exchange rate changes on balances held in foreign currencies	*	-
Cash and cash equivalents at end of the period	<u>224</u>	<u>5,928</u>
Notes to consolidated statements of cash flows		
Cash and bank balances	979	5,969
Bank overdraft (Secured)	(755)	(41)
Cash and cash equivalents at end of the period	<u>224</u>	<u>5,928</u>

Fixed deposits amounting to \$ 155,006 (2005 : \$114,627) are not available for use by the Group as they are charged to the banks for facilities granted by the banks.

* Amount is less than \$1,000

- 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 immediate preceding year

Consolidated Statement of Changes in Equity for the period ended 30 September 2006.

Group	Share Capital	Share Premium	Currency Translation Reserve	Merger Deficit	Revaluation Reserve	Accumulated Profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 April 2005	6,585	3,382	(2)	(1,485)	-	4,528	13,008
Issue of ordinary shares	2,820	-	-	-	-	-	2,820
Share premium	-	4,934	-	-	-	-	4,934
Share issue expense	-	(57)	-	-	-	-	(57)
Net profit for the period	-	-	-	-	-	346	346
Translation differences relating to financial statements of overseas subsidiaries	-	-	2	-	-	-	2
Dividends paid	-	-	-	-	-	(391)	(391)
At 30 September 2005	9,405	8,259	-	(1,485)	-	4,483	20,662
At 1 April 2006	17,634	-	1	(1,485)	-	4,396	20,546
Revaluation surplus	-	-	-	-	1,824	-	1,824
Net profit for the period	-	-	-	-	-	1,227	1,227
Translation differences relating to financial statements of overseas subsidiaries	-	-	1	-	-	-	1
At 30 September 2006	17,634	-	2	(1,485)	1,824	5,623	23,598
Company	Share Capital	Share Premium	Accumulated Profits	Total			
	S\$'000	S\$'000	S\$'000	S\$'000			
At 1 April 2005	6,585	3,382	1,023	10,990			
Issue of ordinary shares	2,820	-	-	2,820			
Share premium	-	4,934	-	4,934			
Share issue expense	-	(57)	-	(57)			
Net profit for the period	-	-	535	535			
Dividends paid	-	-	(391)	(391)			
At 30 September 2005	9,405	8,259	1,167	18,831			
At 1 April 2006	17,634	-	2,786	20,420			
Net profit for the period	-	-	502	502			
At 30 September 2006	17,634	-	3,288	20,922			

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 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

	30/9/2006 S\$'000	31/3/2006 S\$'000
Issued and fully paid:		
At 1 April 2006	17,634	17,634
At 30 September 2006	<u>17,634</u>	<u>17,634</u>

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.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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.

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current reporting period as compared with the audited financial statements of the Group as at 31 March 2006.

5 If there are any changes in the accounting policies and methods of computations, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable

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

	Half year ended 30/9/2006	Half year ended 30/9/2005
Earnings per share (cents)		
a) Based on the weighted average number of ordinary shares on issue (cents)	0.78	0.27
b) On fully diluted basis (cents)	0.78	0.27

Earnings per share is calculated based on the Group's profit for the half year attributable to shareholders of \$1,226,225 (2005: \$346,000) divided by the weighted average number of ordinary shares of 156,749,500 (2005: 125,854,773) in issue during the financial period.

7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group		Company	
	30/9/2006	31/3/2006	30/9/2006	31/3/2006
Net asset value per ordinary share based on issued share capital as at end of the period (cents)	15.05	13.59	13.35	13.03

Net asset value per ordinary share as at 30 September 2006 and 31 March 2006 is calculated based on issued share capital of the Company at the end of the financial period of 156,749,500 ordinary shares.

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 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Revenue

Our Group's revenue increased by S\$1.25 million to S\$7.63 million for the financial period as compared to last year's corresponding period principally due to the inclusion of six months Malaysia's sales revenue, higher sales revenue generated by West Point Family Hospital (WPFH) and medicare centres in Singapore.

Profit attributable to equity holders

Profit for the period increased S\$0.9 million to S\$1.2million compared to the last year's corresponding period principally due to one time negative goodwill adjustment amounting to S\$1.0 million and offset by higher costs in supplies and consumables, staff, depreciation, finance and other operation costs.

Supplies and consumables increased by 16% or S\$0.1 million due to higher business activities registered by medicare centres in Singapore, WPFH and Malaysia's medicare centre. Staff costs rose 15% or S\$0.5 million due to higher head count, new opening of Buangkok medicare centre, salary adjustments made and higher locum fee paid to doctors by WPFH.

Depreciation increased by 30% or S\$0.1 million due to acquisition of a new property and renovation costs incurred for upgrading and new Buangkok medicare centre. Finance costs rose 197% or S\$0.3 million due to higher bank borrowings utilized to purchase the new property. Operating lease expense increased by 12% or S\$0.1 million due to higher rental incurred for the new Buangkok centre. Other operation costs rose 32% or S\$0.3 million mainly due to higher repair and maintenance charges, rental charges, utilities and professional fees.

No provision for taxation was made for the period on its core business under review due to the availability of unutilized wear and tear allowances and tax exempt income.

Balance Sheet

Property, plant and equipment increased by S\$5.2 million as compared to 31 March 2006 mainly due to the revaluation surplus arising from revaluing WPFH's property and higher renovation/upgrading works and additional new equipment and beds were purchased for the medicare centres in Malaysia and Singapore.

Other investments under current assets declined S\$0.08 million due to the loss on remeasurement of investments held for trading purpose.

Deferred tax liability increased by S\$0.9 million due to the provision made on the revaluation surplus of a subsidiary's property.

The Group's reduced cash position was due to higher finance costs, repayment of bank borrowings, purchase of property, plant and equipment and additional shares in a subsidiary company.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

10

A commentary at the date of the announcement of the competitive conditions of the industry in which the group operated and any known factors or events that may affect the group in the next reporting period and the next 12 months

As of today, following the rationalization exercise, organic growth and acquisition, the Group has a total bed capacity of about 1,000 beds in Singapore and Malaysia. The strong bed capacity positions the group to be the top player in the industry in Singapore and to take advantage of the present strong economy recovery in Singapore. The group continues to raise the standards in customer services, innovation and cost control. To complement its core business and to maximise the synergies, the group has recently completed the purchase of WPFH's remaining shares and now assumes full ownership and control. The group has crafted new business strategies to reposition WPFH to pursue new strategic direction and it is expected to contribute significantly in future.

With its strategy to grow its brand and expertise outside Singapore and to have strong regional presence, the Group will continue to explore business opportunities in the Asia Pacific regions.

Barring any unforeseen circumstances, the directors are confident that the group will perform better in financial year 2007.

11 Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?
No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend recommended for the corresponding period of the immediately preceding financial year?
No

(c) Date Payable

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable.

13 Confirmation by the Board pursuant to Rule 705(4) of the Listing Manual

We, Ong Chu Poh and Koh Hin Ling, being two directors of China Healthcare Limited ("the Company"), do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render financial statements for the first half year 2007 to be false or misleading.

On behalf of the board of directors

Ong Chu Poh
Group Chairman & Chief Executive Officer

Koh Hin Ling
Director

BY ORDER OF THE BOARD

Lee Seng Hua
Company Secretary
8 November 2006