

CHINA HEALTHCARE LIMITED
(Company Registration No.: 200202500K)

Full Year Financial Statement and Dividend Announcement for the year ended 31 March 2007

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

1 (a) An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

(i) Consolidated Income Statement
For the financial year ended 31 March 2007

The figures have not been audited

	FY 2007	FY 2006	Increase / (Decrease)
	S\$'000	S\$'000	%
Revenue	16,259	13,588	20
Other income	144	39	269
Supplies and consumables	(2,528)	(1,968)	28
Staff costs	(7,809)	(6,889)	13
Depreciation of property, plant and equipment	(1,111)	(959)	16
Negative goodwill	945	-	NM
Operating lease expenses	(1,346)	(1,388)	(3)
Impairment loss on goodwill	(186)	-	100
Other operating expenses	(2,331)	(1,975)	18
Results from operating activities	2,037	448	355
Finance income	103	233	(56)
Finance expense	(1002)	(667)	50
Net finance expense	(899)	(434)	107
Share of profit of associate (net of tax)	103	3	3,333
Share of profit of jointly-controlled entity (net of tax)	-	1	(100)
Profit before income tax	1,241	18	6,794
Income tax expense	(233)	(363)	(36)
Profit/(loss) for the year	1,008	(345)	392
Attributable to:			
Equity holders of the parent	1,171	260	350
Minority interests	(163)	(605)	(73)
Profit/(loss) for the year	1,008	(345)	392

NM – Not meaningful

(ii) **Notes to Consolidated Income Statement**

a) **The following items have been included in arriving at profit / (loss) from operations:**

	FY 2007	FY 2006	Increase / (Decrease)
	S\$'000	S\$'000	%
Dividend income from investments	(7)	(6)	17
Gain on disposal of quoted investments	*	(61)	(100)
(Gain) / loss on disposal of property, plant and equipment	(7)	6	(46)
Impairment loss for trade receivables reversed	(1)	(7)	(86)
Contributions to defined contribution plans included in staff costs	335	325	3
Net change in fair value of investments held for trading	(76)	(87)	(13)
Exchange loss	13	29	55
Interest income from bank deposits	(20)	(71)	(72)
Operating lease income	(53)	(39)	36
Non audit fees paid to:			
- auditors of the Company	-	48	(100)
- other auditors	20	-	NM
Interest expenses	988	567	74

* Amount is less than \$1,000

NM Not meaningful

b) **Negative Goodwill**

The negative goodwill of S\$0.95 million arose as a result of the purchase by the Company of 2,000,000 ordinary shares in West Point Hospital Pte. Ltd. ("WPH"), representing 50.89% of the issued shares in the capital of WPH. The negative goodwill was recognised in the Consolidated Income Statement in the current financial year.

It was arrived at by comparing the purchase consideration paid by the Company of S\$0.95 million and the fair values assigned to WPH's assets acquired and liabilities assumed amounting to S\$1.4 million. The identifiable assets and liabilities of WPH comprise mainly of property, plant and equipment, inventories, trade and other receivables and trade and other payables. The estimated fair values of WPH's leasehold building at the date of acquisition were arrived at after considering an independent valuation at 19 June 2006 of \$8.00 million. The fair values of the other current assets acquired and current liabilities assumed approximated their carrying amounts on the date of acquisition. There are no liabilities recognised in relation to restructuring or contingencies and the Company did not recognize any intangible assets.

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.

Balance Sheet as at 31 March 2007

	Group		Company	
	31/3/2007 S\$'000	31/3/2006 S\$'000	31/3/2007 S\$'000	31/3/2006 S\$'000
Non-current assets				
Property, plant and equipment	39,369	37,210	29,720	30,015
Goodwill on consolidation	-	186	-	-
Subsidiaries	-	-	6,032	5,040
Associate	1,291	1,188	-	-
Jointly-controlled entity	*	*	-	-
Other investments	1,999	1,999	1,999	1,999
	<u>42,659</u>	<u>40,583</u>	<u>37,751</u>	<u>37,054</u>
Current assets				
Inventories	124	69	-	-
Trade and other receivables	2,676	1,894	7,888	5,421
Other investments	283	217	283	217
Cash and cash equivalents	1,177	3,283	468	2,662
	<u>4,260</u>	<u>5,463</u>	<u>8,639</u>	<u>8,300</u>
Total assets	<u>46,919</u>	<u>46,046</u>	<u>46,390</u>	<u>45,354</u>
Equity attributable to equity holders of the parent				
Share capital	17,634	17,634	17,634	17,634
Currency translation reserve	3	1	-	-
Merger deficit	(1,485)	(1,485)	-	-
Accumulated profits	5,567	4,396	3,533	2,786
	<u>21,719</u>	<u>20,546</u>	<u>21,167</u>	<u>20,420</u>
Minority interests	-	757	-	-
Total equity	<u>21,719</u>	<u>21,303</u>	<u>21,167</u>	<u>20,420</u>
Non-current liabilities				
Interest-bearing borrowings	18,132	19,873	18,131	19,873
Deferred tax liability	542	195	59	59
	<u>18,674</u>	<u>20,068</u>	<u>18,190</u>	<u>19,932</u>
Current liabilities				
Trade and other payables	2,972	3,248	3,627	3,741
Interest-bearing borrowings	3,283	1,068	3,283	1,068
Current tax payable	271	359	123	193
	<u>6,526</u>	<u>4,675</u>	<u>7,033</u>	<u>5,002</u>
Total liabilities	<u>25,200</u>	<u>24,743</u>	<u>25,223</u>	<u>24,934</u>
Total equity and liabilities	<u>46,919</u>	<u>46,046</u>	<u>46,390</u>	<u>45,354</u>

* Amount is less than \$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 31/3/2007	As at 31/3/2006
	S\$'000	S\$'000
Secured	1,283	1,068
Unsecured	2,000	-
Total	3,283	1,068

Amount repayable after one year

Secured	18,132	19,873
Unsecured	-	-
Total	18,132	19,873

The bank loans and overdraft facilities are secured by way of corporate guarantees from subsidiaries, Econ Nursing Home Services (1987) Pte Ltd and Econ Medicare Centre Pte Ltd and on the following assets:-

	Group and Company	
	31/3/2007	31/3/2006
	S\$'000	S\$'000
Freehold land and building – at valuation	23,700	23,816
Freehold building – at cost	4,442	4,548
Carrying amounts	28,142	28,364

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 financial year ended 31 March 2007**

	FY 2007 S\$'000	FY 2006 S\$'000
Operating activities		
Profit before taxation	1,241	18
Adjustments for :		
Negative goodwill	(945)	-
Impairment loss on goodwill	186	-
Depreciation of property, plant and equipment	1,111	959
Gain on disposal of quoted investments	*	(61)
(Gain) / loss on disposal of property, plant and equipment	(7)	6
Share of profit of associate	(103)	(3)
Share of profit of jointly-controlled entity	-	(1)
Gain arising from waiver of interest by minority shareholder	(55)	-
Dividend income from investments	(7)	(6)
Interest income from bank deposits	(20)	(71)
Interest expense	988	567
Exchange loss on investing investments	3	15
Net change in fair value of investments held for trading	(76)	(87)
Operating profit before working capital changes	2,316	1,336
Changes in working capital:		
Inventories	(55)	11
Trade and other receivables	(780)	104
Trade and other payables	(190)	15
Cash generated from operations	1,291	1,466
Income taxes paid	(296)	(208)
Cash flows from operating activities	995	1,258
Investing activities		
Dividend received	7	6
Interest received	20	71
Purchase of property, plant and equipment	(1,694)	(16,666)
Proceeds from disposal of property, plant and equipment	41	4
Fixed deposits charged to bank	38	(41)
Proceeds from disposal of quoted investments	10	277
Purchase of equity interest in associate	-	(1,185)
Purchase of quoted investments	-	-
Net cash inflow on acquisition of subsidiary	-	52
Purchase of additional equity interest in subsidiary	(992)	(64)
Cash flows used in investing activities	(2,570)	(17,546)

	FY 2007	FY 2006
	S\$'000	S\$'000
Financing activities		
Interest paid	(966)	(567)
Dividends paid	-	(392)
Payment of finance lease liabilities	(23)	(22)
Net proceeds for issue of shares	-	7,667
Proceeds from bank loans	2,000	15,815
Repayment of bank loans	(1,665)	(3,327)
Cash flows from financing activities	<u>(654)</u>	<u>19,174</u>
Net (decrease) / increase in cash and cash equivalents	(2,229)	2,886
Cash and cash equivalents at beginning of year	3,128	239
Effect of exchange rate changes on balance held in foreign currencies	-	3
Cash and cash equivalents at end of year	<u>899</u>	<u>3,128</u>
Notes to consolidated statement of cash flows		
Cash and bank balances	1,060	3,128
Bank overdrafts (secured)	(161)	-
Cash and cash equivalents at end of year	<u>899</u>	<u>3,128</u>

* Amount is less than \$1,000

Fixed deposits amounting to \$117,010 (2006: \$155,006) are not available for use by the Group as they are charged to the bank for facilities granted.

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.

Statement of Changes in Equity for the financial year ended 31 March 2007

Group	Share capital	Share premium	Currency translation reserve	Merger deficit	Accumulated profits	Total
	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 new shares	7,754	-	-	-	-	7,754
Expenses incurred in relation to the issue of shares	(87)	-	-	-	-	(87)
Translation differences relating to financial statements of subsidiaries	-	-	3	-	-	3
Net (loss) / gain recognised in the equity	(87)	-	3	-	-	(84)
Profit for the year	-	-	-	-	260	260
Total recognised income and expense for the year	(87)	-	3	-	260	176
Transfer from share premium reserve to share capital upon implementation of the Companies (Amendment) Act 2005	3,382	(3,382)	-	-	-	-
Dividends paid in relation to the year ended 31 March 2005	-	-	-	-	(392)	(392)
At 31 March 2006	17,634	-	1	(1,485)	4,396	20,546
At 1 April 2006	17,634	-	1	(1,485)	4,396	20,546
Profit for the year	-	-	-	-	1,171	1,171
Translation differences relating to financial statements of subsidiaries	-	-	2	-	-	2
Total recognized income and expense for the year	-	-	2	-	1,171	1,173
At 31 March 2007	17,634	-	3	(1,485)	5,567	21,719

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 shares	7,754	-	-	7,754
Expenses incurred in relation to the issue of shares	(87)	-	-	(87)
Net loss recognised directly in equity	(87)	-	-	(87)
Net profit for the year	-	-	2,155	2,155
Total recognised income and expense for the year	-	-	2,155	2,155
Transfer from share premium reserve to share capital upon implementation of the Companies (Amendment) Act 2005	3,382	(3,382)	-	-
Dividends paid in relation to the year ended 31 March 2005	-	-	(392)	(392)
At 31 March 2006	17,634	-	2,786	20,420
At 1 April 2006	17,634	-	2,786	20,420
Profit for the year	-	-	747	747
Total recognized income and expense for the year	-	-	747	747
At 31 March 2007	17,634	-	3,533	21,167

- 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.**

	31/03/2007	31/03/2006
	S\$'000	S\$'000
Paid-up capital :		
At 1 April	17,634	6,585
Issue of shares	-	7,754
Expense incurred in relation to the issue of shares	-	(87)
Transfer from share premium upon implementation of the Companies (Amendment) Act 2005	-	3,382
At 31 March	17,634	17,634

- 2. Whether the figures have been audited, or reviewed and in accordance with which 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 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.**

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 computation, 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.

	FY Ended 31/3/2007	FY Ended 31/3/2006
Earnings per share (cents)		
a) Based on the weighted average number of ordinary shares on issue (cents)	0.75 cents	0.18 cents
b) On fully diluted basis (cents)	0.75 cents	0.18 cents

Earnings per share is calculated based on the Group's profit for the financial year attributable to shareholders of \$1.17 million (2006: \$0.26 million) divided by the weighted average number of ordinary shares of 156,749,500 (2006: 141,259,815) in issue during the financial year.

**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	
	31/3/2007	31/3/2006	31/3/2007	31/3/2006
Net asset value per ordinary share based on issued share capital as at end of the period	13.86 cents	13.59 cents	13.50 cents	13.03 cents

Net asset value per ordinary share as at 31 March 2007 and 31 March 2006 is calculated based on issued share capital of the Company at the end of the financial year of 156,749,500 (2006 : 156,749,500) ordinary shares.

8. A review of the performance of the Group to the extent, is 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

Group revenue registered a strong growth of 20% from \$13.6 million to \$16.3 million for the year ended 31 March 2007 compared to the previous year. The increase was mainly contributed by the inclusion of Econ Medicare Centre, Malaysia full year's sales

revenue, higher sales revenue registered by WPH and by all medicare centres and nursing homes in Singapore arising from higher bed occupancy.

Profit attributable to equity holders

Group profit for the financial year increased strongly to \$1.2 million, an increase of four times compared to the previous year. The increase was mainly due to the inclusion of one time negative goodwill amounting to \$0.95 million and stronger profits arising from the higher bed occupancy experienced by all medicare and nursing homes in Singapore, Malaysia and offset by lower losses incurred by WPH during the financial year.

The higher group profit was also contributed by the share of profit of associate operating in Zhuhai, People Republic of China.

Supplies and consumables increased by 28% or \$0.5 million in FY 2007 as compared to FY 2006 which was consistent with the higher bed occupancy and higher costs of supplies and consumables.

Staff costs increased by 13% or \$0.9 million mainly due to higher fees paid to doctors, additional nursing and administrative staff recruited to support the higher business activities of the Group.

Other operating costs increased by 18% or \$0.3 million mainly due to rental charge of a new nursing home that started operation in June 2006, higher upkeep and maintenance costs of the medicare and nursing homes, utilities and professional fees.

Income tax expense was lower by 36% compared to the previous financial year due to lower tax rate and the tax benefits arising from tax losses incurred by WPH during the financial year.

Balance Sheet

During the financial year under review, property, plant and equipment increased by \$2.2 million. This is mainly due to the fair value adjustments on WPH's property, higher renovation, upgrading work and additional equipment and beds purchased for medicare and hospital in Singapore.

Investment in associate increased by \$0.1 million mainly due to the higher profit contribution from the equipment manufacturer located in Zhuhai, People Republic of China.

The increase in trade and other receivables by \$0.8 million was mainly due to higher sales revenue generated by the Group.

On the other investments, the management is taking steps to divest the investments totaling \$1,999,000. The management is of the view that the carrying amount stated is recoverable, failing which the necessary provision will be provided.

The Group's reduced cash position was mainly attributable to higher finance costs and purchase of property, plant and equipment.

The increase in short term interest-bearing bank loans by \$2.2 million was mainly for the financing of the working capital of Group and purchase of additional shares in WPH.

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 operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

The Group has started its rationalization of exercise in the previous years and presently has a bed capacity of approximately 1,000 in Singapore and Malaysia. The strong bed capacity positions the Group to be a leading medicare and nursing home provider in Singapore. The strong economic fundamentals and growth enjoyed by Singapore in 2007 and extending to year 2008 and strong bed capacity augur well for the Group to continue its leading position to provide integrated healthcare services to its customers. The Group continues to sharpen its edge in terms of clinical excellence, innovation, costs control and delivering positive customers' experience. To enhance its value chain to provide better services to its customers, the Group has completed the acquisition of the remaining shares in WPH. Presently, WPH is undergoing a major upgrade to serve its customers better and improve its capabilities. The renewed hospital aims to be a recognised healthcare provider in Singapore and has identified its various business strategies to win the hearts and minds share of the customers in the future.

The Group continues with its efforts to bring its expertise outside Singapore to other countries within the Asia Pacific Region, especially China, and Middle East countries. The Group also identifies a number of related healthcare business opportunities in China, including the proposed joint venture with Beijing Tongren's ophthalmology chain of hospitals.

Barring unforeseen circumstances, the Group expects a good year ahead in FY 2008 benefiting from the strong bed capacities and strong economic forecast of Singapore, Malaysia and China.

11. Dividend

(a) Current Financial Period Reported On.

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year.

Any dividend declared 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/recommendeded, a statement to that effect.

No dividend has been declared / recommended for the financial year ended 31 March 2007.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Business segments	Medicare centre and nursing homes		Hospital services		Other ancillary services		Eliminations		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue and expenses										
Revenue	11,288	9,631	3,470	2,632	1,501	1,364	-	-	16,259	13,627
Inter-segment revenue	-	-	187	188	586	162	(773)	(350)	-	-
Total revenue	11,288	9,631	3,657	2,820	2,087	1,526	(773)	(350)	16,259	13,627
Segmental results	4,280	3,051	(158)	(451)	(616)	9	-	-	3,506	2,609
Impairment loss on goodwill									(186)	-
Unallocated corporate expenses									(2,228)	(2,253)
Share of profit of associate									103	3
Share of profit of jointly controlled entity									-	1
Negative goodwill									945	-
Finance costs									(899)	(567)
Profit before tax and minority interests									1,241	18
Income tax expense									(233)	(363)
Net profit / (loss) for the year									1,008	(345)
Assets and liabilities										
Segment assets	34,078	32,783	8,534	5,996	620	863	(692)	(509)	42,540	39,133
Unallocated assets									4,379	6,913
Total assets									46,919	46,046
Segment liabilities	1,738	1,225	1,609	1,984	129	153	(692)	(509)	2,784	2,853
Unallocated liabilities									188	395
Borrowings									21,415	20,941
Current and deferred tax liabilities									813	554
Total liabilities									25,200	24,743

* Amount is less than \$1,000

	Medicare centre and nursing homes		Hospital services		Other ancillary services		Eliminations		Total	
	2007 S\$'000	2006 S\$'000	2007 S\$'000	2006 S\$'000	2007 S\$'000	2006 S\$'000	2007 S\$'000	2006 S\$'000	2007 S\$'000	2006 S\$'000
Capital expenditure										
Capital expenditure	1,333	16,074	313	545	24	17	-	-	1670	16,636
Unallocated capital expenditure									24	30
									<u>1,694</u>	<u>16,666</u>
Significant non-cash items										
Depreciation	645	366	271	382	104	60	-	-	1,020	808
Unallocated depreciation									91	151
									<u>1,111</u>	<u>959</u>

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Refer to Note 8.

15. A breakdown of sales.

	FY Ended 31/3/2007 S\$'000	FY Ended 31/3/2006 S\$'000
Sales reported for first half year	7,629	6,377
Operating profit after tax before deducting minority interest reported for first half year	1,064	59
Sales reported for second half year	8,630	7,211
Operating loss after tax before deducting minority interest reported for second half year	(56)	(404)

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

Total Annual Dividend (Refer to Para 16 of Appendix 7.2 for the required details)

	Latest Full Year S\$'000	Previous Full Year S\$'000
Ordinary	-	392
Preference	-	-
Total	-	392

BY ORDER OF THE BOARD

Lee Seng Suan
Company Secretary
30 May 2007