

**PACIFIC HEALTHCARE HOLDINGS LTD.**

(Company Registration No: 200100544H)

**Full Year Financial Statements And Dividend Announcement
For the Year Ended 31 December 2005**

PART I INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS**1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

Pacific Healthcare Holdings Ltd. ("the Company") was incorporated on 26 January 2001. The Group's proforma income statement for the financial year ended 31 December 2004 included as comparative information illustrate what the financial results of the Group would have been if the Group had been in existence during the period ended 31 December 2004. The bases of preparation of the proforma financial information can be found in Appendix I, pages I-4 to I-5 of the Company's prospectus dated 27 October 2005 (the "Prospectus").

GROUP (in S\$'000)	ACTUAL 2005	PROFORMA 2004	Change %
Revenue	47,268	42,179	12.07
Other operating income	1,771	907	95.26
Changes in inventories of finished goods	(25)	(71)	(64.79)
Raw materials and consumables used	(10,069)	(8,288)	21.49
Staff costs	(22,734)	(19,825)	14.67
Depreciation and amortization expenses	(2,177)	(2,302)	(5.43)
Other operating expenses	(7,931)	(6,940)	14.28
Other (charges)/ credits	418	58	620.69
Profit from operations	<u>6,521</u>	<u>5,718</u>	<u>14.04</u>
Finance costs	(1,176)	(648)	81.48
Income from associates	409	644	(36.49)
Profit before income tax	<u>5,754</u>	<u>5,714</u>	<u>0.70</u>
Income tax expense	(1,138)	(1,326)	(14.18)
Profit after income tax	<u>4,616</u>	<u>4,388</u>	<u>5.20</u>
Attributable to :			
Equity holders of the parent	4,605	4,373	5.31
Minority interest	11	15	(26.67)
Profit for the year	<u>4,616</u>	<u>4,388</u>	<u>5.20</u>

1(a)(ii) Significant income statement items (with appropriate breakdowns and explanation) for the corresponding period of the immediately preceding financial year

	ACTUAL 2005 S\$'000	PROFORMA 2004 S\$'000
<u>Other operating income</u>		
Interest income		
- outside parties	66	34
- related parties	-	21
Rental income from related parties	621	191
Rental income from outside parties	438	326
Consultancy income	-	9
Honorarium	-	15
Others	646	311
	<u>1,771</u>	<u>907</u>

Other (charges)/ credits

Bad debts written off	(223)	(36)
Loss on disposal of plant and equipment	(1)	(30)
Gain on disposal of subsidiary / associated company	806	-
Pre-Operating expenses written off	(105)	(68)
Provision for doubtful debts	(149)	(148)
Foreign exchange adjustment	90	33
Others	-	307
	<u>418</u>	<u>58</u>

Included in the depreciation and amortization expenses is impairment of goodwill of \$200,000.

The adjustment for under and over provision of tax in respect of prior years are as follows :

	2005 S\$'000	2004 S\$'000
Current Tax Expense		
(Over) / Under-provision in respect of prior years	(101)	33
Deferred Tax Expense		
Reversal in respect of prior years	58	-

Note: Income from Associates reflects contribution from Managed Health Care Pte Ltd up to 30 September 2005.

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.

(in S\$'000)	GROUP		COMPANY	
	ACTUAL 2005	PROFORMA 2004	ACTUAL 2005	ACTUAL 2004
As at 31 December				
ASSETS				
CURRENT ASSETS				
Cash & cash equivalents	10,061	4,039	4,446	108
Trade receivables	4,359	4,281	1,516	1,361
Other receivables, deposits & prepayment	7,016	7,618	9,342	4,090
Inventories	2,071	1,968	-	-
TOTAL CURRENT ASSETS	23,507	17,906	15,304	5,559
NON-CURRENT ASSETS				
Interest in subsidiaries	-	-	14,464	10,442
Interest in associates	8,550	9,495	1,544	1,904
Other investment	120	-	360	-
Property, plant & equipment	15,058	12,584	335	345
Intangible assets	22,612	14,021	-	-
Other receivables & prepayment	3,421	1,750	14,830	12,354
TOTAL NON-CURRENT ASSETS	49,761	37,850	31,533	25,045
TOTAL ASSETS	73,268	55,756	46,837	30,604
LIABILITIES & EQUITY				
CURRENT LIABILITIES				
Short term borrowings	647	28	388	-
Trade payables & accrued liabilities	7,327	7,910	4,962	11,164
Income tax payable	1,423	1,014	-	-
Current portion of long term borrowings	8,580	10,896	7,608	12,067
Current portion of finance leases	1,506	1,294	-	5
TOTAL CURRENT LIABILITIES	19,483	21,142	12,958	23,236
NON-CURRENT LIABILITIES				
Deferred tax	739	667	-	34
Other payables	1,506	1,801	590	-
Long term borrowings	5,019	8,287	3,005	5,822
Finance leases	2,416	1,898	-	-
TOTAL NON-CURRENT LIABILITIES	9,680	12,653	3,595	5,856
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT:				
Share capital	4,776	36	4,776	36
Reserves	34,277	20,916	25,508	1,476
Shareholders' equity	39,053	20,952	30,284	1,512
Minority interests	5,052	1,009	-	-
TOTAL EQUITY	44,105	21,961	30,284	1,512
TOTAL LIABILITIES & EQUITY	73,268	55,756	46,837	30,604

1(b)(ii) Aggregate amount of group's borrowings and debt securities for the current financial period reported on and the corresponding period of the immediately preceding financial.

(a) Amount repayable in one year or less, or on demand

(in S\$'000)

As at 31December 2005		As at 31 December 2004	
Secured	Unsecured	Secured	Unsecured
627	9,106	1,294	10,924

(b) Amount repayable after one year

(in S\$'000)

As at 31December 2005		As at 31 December 2004	
Secured	Unsecured	Secured	Unsecured
2,765	4,670	1,898	8,287

(c) Details of collaterals

As at 31December 2005, the secured Group borrowings refer to

- assets acquired under hire purchase and finance leases
- term loan extended to our Indian entity. The term loan is secured against an equitable mortgage on land at Survey No. 28 situated at Khajaguda Village, Hyderabad, India and hypothecation of equipment purchased.

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

GROUP	ACTUAL Dec 2005 S\$'000	PROFORMA Dec 2004 S\$'000
Cash flows from operating activities:		
Profit before income tax	5,754	5,714
Adjustments for:		
Depreciation and amortization expenses	2,177	2,302
Interest income	(66)	(55)
Interest expense	1,147	648
(Income) of associates	(409)	(644)
Gain on disposal of subsidiaries and associate	(806)	-
Loss on disposal of plant and equipment	1	30
	<u>7,798</u>	<u>7,995</u>
Operating profit before working capital changes	7,798	7,995
Cash - restricted deposits	162	-
Trade receivables	275	(1,176)
Other receivables, deposits and prepayments	(824)	1,085
Inventories	5	(3)
Trade and other payables	(516)	642
	<u>6,900</u>	<u>8,543</u>
Cash generated from operations	6,900	8,543
Interest paid	(1,147)	(648)
Interest received	51	55
Income tax paid	(858)	(864)
	<u>4,946</u>	<u>7,086</u>
Net cash from operating activities	4,946	7,086
Cash flows from investing activities:		
Proceeds from disposal of plant and equipment	11	276
Payment to the vendors for the acquisition of businesses	(1,531)	(4,053)
Purchase of plant and equipment	(1,330)	(2,999)
Proceeds from disposal of associates	713	-
Repayment of loan by associate	-	750
Net cash outflow on disposal of subsidiaries / business units	(6)	-
Net cash outflow on acquisition of subsidiaries / business units	(3,129)	-
	<u>(5,272)</u>	<u>(6,026)</u>
Net cash used in investing activities	(5,272)	(6,026)
Cash flows from financing activities:		
(Decrease) / Increase in borrowings	(7,584)	1,842
Proceeds from issuance of ordinary shares	15,053	-
Net decrease in finance leases	(1,380)	(1,259)
Dividends paid	(215)	(4,761)
	<u>5,874</u>	<u>(4,178)</u>
Net cash from / (used in) financing activities	5,874	(4,178)
Effect of exchange rate changes in consolidating foreign subsidiaries	(195)	(181)
	<u>5,353</u>	<u>(3,299)</u>
Net increase / (decrease) in cash and cash equivalents	5,353	(3,299)
Cash and cash equivalents at beginning of year	4,061	7,148
	<u>9,414</u>	<u>3,849</u>
Cash and cash equivalents at end of year	9,414	3,849

1(d)(i) 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.

Changes in Equity for the Group

(in S\$'000)	Shareholders equity
Proforma Group	
Balance at 31 December 2003	20,834
Issue of Shares	36
Net profit for the year	4,373
Dividends paid	(4,600)
Current Translation differences	309
Proforma Group balance at 31 December 2004	20,952
Proforma adjustments for:	
Reclassification of shares to be issued for the acquisition of entities in the proforma group from liabilities to equity as if the proforma group structure had been in place since the beginning of the period reported on	(8,770)
Shares to be issued for the acquisition of a subsidiary as if it had been included in the proforma group structure since the beginning of the period reported on	(504)
Reclassification of convertible loan to equity as if the conversion had been in place since the beginning of the period reported on	(2,000)
Net impact of adjustments to include financial position of entities not in proforma group	14
Effect of cumulative net adjustments to income statements	650
Actual Group balance at 31 December 2004	10,342

(in S\$'000)	Issued capital	Share premium	Foreign exchange translation reserve	Retained profits	Total	Minority interests	Total equity
Actual Group							
Balance at 31 December 2004	36	-	(196)	10,502	10,342	1,053	11,395
Currency Translation differences	-	-	(217)	-	(217)	-	(217)
Net Income recognized directly in equity	-	-	(217)	-	(217)	-	(217)
Net profit for the year	-	-	-	4,605	4,605	11	4,616
Total recognized income and expenses for the year	-	-	(217)	4,605	4,388	11	4,399
Issue of Shares	2,134	22,189	-	-	24,323	-	24,323
Issue of Bonus Shares	2,606	-	-	(2,606)	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	4,203	4,203
Dividends paid out to minority interests	-	-	-	-	-	(215)	(215)
Balance at 31 December 2005	4,776	22,189	(413)	12,501	39,053	5,052	44,105

Changes in Equity for the Company

(in S\$'000)	Issued capital	Share premium	Retained profits	Total equity
Actual Company				
Balance at 31 December 2003	* -	-	210	210
Net profit for the year	-	-	5,902	5,902
Total recognized income and expenses for the year	-	-	5,902	5,902
Issue of Shares	36	-	(36)	-
Dividends paid	-	-	(4,600)	(4,600)
Balance at 31 December 2004	36	-	1,476	1,512
Balance at 31 December 2004	36	-	1,476	1,512
Net profit for the year	-	-	4,449	4,449
Total recognized income and expenses for the year	-	-	4,449	4,449
Issue of Shares	2,134	22,189	-	24,323
Issue of Bonus Shares	2,606	-	(2,606)	-
Balance at 31 December 2005	4,776	22,189	3,319	30,284

* less than S\$1,000

1(d)(ii) Details of changes in the issuer'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 etc since the end of the previous period.

In addition to the shares issued as disclosed in pages 49 to 50 of the Prospectus, the Company issued a further 4,100,000 shares at S\$0.30 pursuant to the exercise of the over-allotment option granted by the Company to UOB Asia Limited.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standards or practice.

The full-year financial statement on consolidated results for the year ended 31 December 2005 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 accounting policies and methods of computation used in the consolidated financial statements for the year ended 31 December 2005 are consistent with those applied in the financial statements for the year ended 31 December 2004 except for the adoption of new/revised Financial Reporting Standards (“FRS”) which came into effect on 1 January 2005 as highlighted in Paragraph 5 below.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, a disclosure on the changes, as well as the reasons for, and the effect of, the changes.

The consolidated financial statements for the year ended 31 December 2005 have been prepared in accordance with the respective FRS. The adoption of the new or revised FRS did not have significant impairment to the Group’s results or caused substantial change to the Group’s accounting policies, which are consistent with those used in the previous financial year, except for the following:

With the adoption of FRS 103, goodwill arising from business combination as recorded in the balance sheet of the group will no longer be required to be amortized and charged to the income statement with effect from 1 January 2005. Instead, such goodwill will be tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired in accordance with revised FRS 36 Impairment of Assets.

With the adoption of FRS 103 and revised FRS 36 as from financial year 2005, the unaudited group’s net profit for the period has increased by approximately S\$652,000.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends, on the following basis:

		2005	2004
(a)	Based on weighted average number of ordinary shares in issue (cents)	2.38	2.34
(b)	On a fully diluted basis (cents)	2.38	2.34

The basic and fully diluted earnings per share above have been calculated based on profit attributable to shareholders of S\$4,605,000 (31 December 2004: S\$4,373,000) and the weighted average number of ordinary shares in issue during the financial year of 193,578,388 shares (2004: 186,703,046 shares).

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 current financial period reported on and the corresponding period of the immediately preceding financial year:

		2005	2004
(a)	Net asset value for the Company per ordinary share (cents)	12.68	0.81
(b)	Net asset value for the Group per ordinary share (cents)	16.35	11.22

The net asset value per share of the Group has been calculated based on the shareholders' equity of S\$39,053,000 (31 December 2004: S\$20,952,000) and 238,803,046 shares (2004: 186,703,046 shares). The net asset value per share of the Company has been calculated based on shareholders' equity of S\$30,284,000 (31 December 2004: S\$1,512,000) and issued share capital of 238,803,046 shares (2004: 186,703,046 shares)

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business, including a discussion of the following:

- (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**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

The Group's revenue increased **12.1%** from S\$42.2 million to S\$47.3 million. The increase was attributable to higher patient load in the specialist healthcare division. Revenue from the specialist healthcare division grew by 22.4% due primarily to the organic growth in the Group's clinical services units and the full twelve months of contribution from the Group's new specialist clinics. Revenue from the Group's primary healthcare division was flat.

Profit from operations increased **14.0%**, in line with the Group's revenue growth.

Profit for the specialist healthcare division (see paragraph 13) grew by 5.9%. The lower growth rate as compared to revenue growth was due to the increased costs relating to the expansion of the Group's specialist clinics and a decline in contribution from Adam Road Hospital Pte Ltd, a wholly-owned subsidiary. Profit for the primary healthcare division decreased by 38.4% as a result the lower margins from its general practice medicine and dentistry units. Losses were also incurred from the start up of its operations in India.

Profit attributable to shareholders increased by **5.2%**, from S\$4.4 million to S\$4.6 million. The slower profit growth as compared to revenue growth was largely due to higher finance costs and the lower income from associates. Higher finance cost was incurred by the Group during the year to fund its expansion in Singapore and start up operations in India. Income from associates was affected by the losses incurred by the Group's nursing home, Pacific Healthcare Nursing Home Pte Ltd. The Group divested a 25% stake in this company in December 2005 and currently holds a 15% stake in the company.

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

Nil.

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.

The Group will continue to grow its specialist healthcare division. It has leased another floor of medical space at Paragon to operate more specialist clinics and another dentistry clinic. It will be strengthening its core competencies through the recruitment of more medical and dental specialists as well as investment in advanced medical technologies.

The Group plans to realign the services of its general practice medicine clinics into integrated medical centers, offering in addition to family medicine services, specialist care, health screening, and other diagnostic tests.

Going forward, the Group will continue to actively explore healthcare opportunities to grow its businesses in Singapore and the region, in particular India and China.

11 Dividend

(a) Current financial period reported on

Name of Dividend : first and final dividend
Dividend type : cash
Dividend amount : Tax exempt dividend of 0.48 cents per ordinary share of 2 cents each
Dividend rate : 25% per ordinary share at par value 2 cents per ordinary share

(b) Corresponding period of immediately preceding financial year

Name of Dividend : first and final dividend
Dividend type : cash
Dividend amount : Tax exempt dividend of S\$12.78 per ordinary share of S\$0.10 each
Dividend rate : 12780% per ordinary share at par value 10 cents per ordinary share

(d) The date the dividend is payable

The date of payment of the proposed dividends will be announced at a later date.

(d) Books closure date

The date for the closure Share Transfer Books and Register of Members of the Company will be announced at a later date.

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

See Paragraph 11(a).

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13 Segmental 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 Segment

	PRIMARY		SPECIALIST		CONSOLIDATED	
	ACTUAL 2005 S\$'000	PROFORMA 2004 S\$'000	ACTUAL 2005 S\$'000	PROFORMA 2004 S\$'000	ACTUAL 2005 S\$'000	PROFORMA 2004 S\$'000
Revenue						
External Sales	20,181	20,052	27,087	22,127	47,268	42,179
Results						
Segment Results	1,675	2,719 *	5,069	4,786 *	6,744	7,505 *
Unallocated Income and Expenses						
Other operating income					1,085	564 *
Unallocated corporate expenses					(2,114)	(2,351)
Other credits					806	-
Finance costs					(1,176)	(648)
Income from associates					409	644
Income tax expense					(1,138)	(1,326)
Profit after income tax					4,616	4,388
Minority interests					(11)	(15)
Net profit attributable to shareholders					4,605	4,373

* These figures were adjusted (compared to the Group's Independent Auditor's Report and the Unaudited Proforma Consolidated Financial Information for the years ended 31 December 2004 (Page I-41 of the Prospectus)) to be consistent with the presentation / classification adopted for the financial year ended 31 December 2005.

Geographical Segment

	SINGAPORE		OVERSEAS		CONSOLIDATED	
	ACTUAL 2005 S\$'000	PROFORMA 2004 S\$'000	ACTUAL 2005 S\$'000	PROFORMA 2004 S\$'000	ACTUAL 2005 S\$'000	PROFORMA 2004 S\$'000
Revenue						
External Sales	42,948	38,381	4,320	3,798	47,268	42,179
Results						
Segment Results	7,428	7,943 *	(684)	(438) *	6,744	7,505 *
Unallocated Income and Expenses						
Other operating income					1,085	564 *
Unallocated corporate expenses					(2,114)	(2,351)
Other credits					806	-
Finance costs					(1,176)	(648)
Income from associates					409	644
Income tax expense					(1,138)	(1,326)
Profit after income tax					4,616	4,388
Minority interests					(11)	(15)
Net profit attributable to shareholders					4,605	4,373

* These figures were adjusted (compared to the Group's Independent Auditor's Report and the Unaudited Proforma Consolidated Financial Information for the years ended 31 December 2004 (Page I-43 of the Prospectus)) to be consistent with the presentation / classification adopted for the financial year ended 31 December 2005.

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

Please refer to paragraph 8.

15 A breakdown of sales

		ACTUAL 2005 S\$'000	PROFORMA 2004 S\$'000	Change %
(a)	Sales for first half year	22,523	20,141	11.83
(b)	Operating Profit after tax before deducting minority interests reported for the first half year	1,819	1,717	5.94
(c)	Sales for second half year	24,745	22,038	12.28
(d)	Operating Profit after tax before deducting minority interests reported for the second half year	2,797	2,671	4.72

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

	(in S\$'000)	2005	2004
(a)	Ordinary	1,151,250	4,600,000
(b)	Preference	0	0
(c)	Total	1,151,250	4,600,000

BY ORDER OF THE BOARD

Dr William Chong Lai Leong
Executive Director and Chief Executive Officer