PACIFIC
HEALTHCARE
HOLDINGS

Your Health Our Priority

Annual Report 2013

CONTENTS

VISION

To create a healthcare company with a reputation for excellence, professionalism and service quality equal to the best globally.

MISSION

To provide our patients with the highest level of medical care possible, meeting all their needs and serving them with diligence, compassion and integrity.

CONCEPT

To provide integrated and multi-disciplinary healthcare through a holistic approach, emphasising health as a state of total physical, mental and social well-being.

Care

To provide our patients with optimal care for their total well-being

PACIFIC HEALTHCARE is an integrated healthcare provider offering a comprehensive range of services in specialist medical care, dentistry and general practice medicine. We also operate a day surgery centre, a diagnostic imaging facility and nursing homes. Our main facilities occupy four entire levels and more than 50,000 square feet of Paragon Medical in the heart of Orchard Road. We also operate a medical centre in Plaza Indonesia in the centre of Jakarta, Indonesia.

Pacific Healthcare - for total physical, mental and social well-being

PHH was incorporated on 26 January 2001. On 11 November 2005, the Group was listed on the mainboard of the Singapore Stock Exchange.

Set up to provide one-stop, quality medical specialist services, the Group offers a comprehensive range of healthcare services. The Company has taken great care in assembling a team of over 40 healthcare professionals, trained in some of the world's leading institutions, and have invested in cutting-edge technologies. Our medical and dental specialists focus on the total health and well-being of our patients. Today, the Group has evolved and expanded to become a regional healthcare player. Our competencies in specialist healthcare include the fields of Plastic Surgery, Cosmetic and Implant Dentistry, Obstetrics and Gynaecology, Cardiology, Orthopaedic Surgery, Ophthalmology, Urology and other specialties.

"The Company continues to add to its roster of specialists and upgrade its medical equipment to enable a wider range of service offerings thereby driving patient throughput and increasing facility utilization. The Group is exploring the possibility of establishing new service lines to augment its current range of service offerings. It continues to identify strategic assets that would enhance its earnings base."

REVIEW OF 2013

2013 was a significant year for Pacific Healthcare as growth initiatives executed by the management team led to further operational and financial improvements in the Group's performance for 2013. Better cost controls have also led to improved operating margins. The Group recruited 4 doctors in 2013, one of whom commenced practice in October 2013 and the other 3 due to start in early 2014.

The Group strengthened its balance sheet during the year through a private placement and rights issue. We raised S$9.5 million in cash and retired S$5.0 million in debt, reducing the Group's gearing ratio to 5.5% and putting it in a net cash position of S$3.5 million (2012 net debt of $0.8 million).

LOOKING FORWARD

Three new developments will drive the Group's performance in 2014. Firstly, the additional doctors recruited in 2013 and early 2014 has enabled us to offer Cardiology, Urology, Orthopaedics and Family Medicine. Secondly, the acquisition of an associate stake in two nursing homes in Singapore in which we already have an investment will provide a steady stream of profits and cash flow. Thirdly, control over the strategy and operations of the medical centre in Jakarta will enable the Group to replicate its successful specialist outpatient business model.

We will continue to explore new revenue streams and business ventures as well as in the imaging, renal dialysis and general practice sub segments.

With its strengthened balance sheet, Pacific Healthcare is positioned to take advantage of the opportunities available in the fast growing healthcare industry in Singapore and Asia, and we are confident of fine-tuning our business model and delivering sustained profitability in the future.

APPRECIATION & NEW MEMBERS ON THE BOARD

On behalf of the Board, I would like to thank our retiring director Mr Herman Syah Abdul Rahim for his services rendered. I would also like to extend a warm welcome to Mr Lien Kait Long, Mr Pang Yoke Min and Mr Pang Wei Kuan onto the Board and look forward to their support in setting the Group's strategy for continued growth and sustained success.

Lew Oon Yew
Chairman

BOARD OF DIRECTORS

MR LEW OON YEW
Non-Independent
Non-Executive Chairman

DR CHONG LAI LEONG, WILLIAM
Executive Director and Acting
Chief Executive Officer

DR HUANG HSIANG SHUI, MARTIN
Executive Director

MR HUDSON CHUA JAIN
Lead Independent Director

MR CHONG FOOK CHOY, CHRISTOPHER
Independent Non-Executive Director

MR GOH KOK LIANG
Independent Non-Executive Director

MS YEO SU-LYNN
Independent Non-Executive Director

MR LIEN KAIT LONG
Non-Independent
Non-Executive Director

MR PANG YOKE MIN
Non-Independent
Non-Executive Director

MR WU CHIN LOONG, PAUL
Non-Independent
Non-Executive Director

MR PANG WEI KUAN, JAMES
Alternate Director to Mr Pang Yoke Min

1 MR LEW OON YEW

Non-Independent Non-Executive Chairman

Mr Lew is Chairman of the Group and also a Managing Partner of Proventeus Asia, a regional private equity fund manager, which manages a pan-Asia private equity fund with investment footprint across Asia.

Mr Lew co-founded Proventeus Asia after spending over 6 years with Kuwait Finance House Malaysia Berhad developing and driving its Asian Private Equity initiatives. Mr Lew held various positions within Kuwait Finance House (M) group including Head of Private Equity, Executive Director and Chief Executive Director of its Asset Management subsidiary. Mr Lew was the pioneer investment team member of Navis Capital where he is largely responsible for executing and managing Navis investment portfolio in Asia. Mr Lew was the Investment Manager and Head of Strategy for portfolio company at Navis Capital.

Mr Lew has extensive experience across Asia focusing in China, Malaysia, Singapore and Philippines. He has worked in a variety of sectors specialising in healthcare, environment management, agribusiness, manufacturing and consumer business and across various investments involving expansion, buyout and turnaround.

Mr Lew holds a Master of Banking and Finance from University of Sydney and Bachelor of Economics from Flinders University of South Australia.

2 DR CHONG LAI LEONG, WILLIAM

Executive Director and Acting Chief Executive Officer

Dr William Chong is a co-Founder of the Group. He is our Executive Director and is currently the Acting Chief Executive Officer of the Group.

Dr Chong is also a practicing dental surgeon at Pacific Healthcare Specialist Centre focusing principally on cosmetic and implant dentistry. He graduated from the National University of Singapore with a Bachelor of Dental Surgery degree in 1985 with academic awards in Clinical Medicine and Oral Surgery. He completed his Masters of Science degree in Dentistry at the National University of Singapore in 1988 by research in the field of Bone Replacement and Implant Dentistry. He is a Fellow of the Royal Australasian College of Dental Surgeons since 1997 and a Fellow and Diplomate of the International Congress of Oral Implantologists.

He has lectured extensively both in his own clinical area of interest as well as in practice management and finance.

3 DR HUANG HSIANG SHUI, MARTIN

Executive Director

Dr Martin Huang is our Executive Director and is a co-Founder of the Group.

Dr Huang is also a plastic surgeon with Pacific Healthcare. He completed his training in Plastic Surgery in 1994 at the Department of Plastic Surgery at the Singapore General Hospital. He underwent subspecialty training in the United States from 1994 to 1996 at the Children's Hospital and Medical Center and the University of Washington in Seattle, and Scottish Rite Children's Medical Center in Atlanta, where he focused on paediatric plastic surgery, cleft lip and palate surgery, craniomaxillofacial surgery, and endoscopic plastic surgery. He has given 80 academic oral presentations and lectures at local, regional and international meetings and conferences, and has 24 publications in international journals on plastic surgery.

He has also given over 170 media interviews and over 60 educational public presentations on cosmetic surgery. Additionally, he serves as a manuscript peer reviewer for the Cleft Palate-Craniofacial Journal, and Plastic and Reconstructive Surgery. He has won numerous local and international academic awards during his career. Dr Huang's current clinical interests are cosmetic surgery of the face, jaws, breasts and body, and the surgical treatment of birth defects of the head and face, such as cleft lip and palate.

4 MR HUDSON CHUA JAIN

Lead Independent Director

Mr Hudson Chua Jain is our Lead Independent Director and also a partner of Crowe Horwath Malaysia based in the Kuching office.

He has vast experience in financial audits of public and private companies in various industries such as manufacturing, plantation, hospitality, trading and healthcare. He also has extensive experiences in taxation, corporate restructuring as well as in the provision of professional support services for mergers, acquisitions and capital/fund raising activities.

Mr Chua is a member of the Malaysian Institute of Accountants, Institute of Chartered Accountants, New Zealand and CPA Australia Ltd.

5 MR CHONG FOOK CHOY, CHRISTOPHER

Independent Non-Executive Director

Mr Christopher Chong Fook Choy is our Independent Non-Executive Director and also a partner in Rodyk & Davidson LLP's Litigation & Arbitration Practice Group.

His main areas of practice are in professional malpractice, commercial litigation and insurance, and he provides comprehensive legal assistance to various stakeholders in the healthcare industry, including hospitals, insurers, doctors and medical defence organisations. Apart from providing legal advice, Mr Chong acts as lead counsel for restructured and private hospitals, clinics and medical practitioners in medical malpractice law suits, disciplinary proceedings, coroners' inquiries as well as in legal proceedings relating to patient rights, access to medical records and consent for treatment. Mr Chong has also acted for various commercial entities in joint venture disputes and contractual disputes. He has provided advice on the drafting of employment agreements, as well as advised and represented parties in disputes relating to allegations of wrongful termination of employment, the enforceability of restrictive covenants in employment agreements and claims arising from industrial accidents. Mr Chong supervises the personal injury insurance work within Rodyk & Davidson LLP.

He is experienced in all forms of dispute resolution, whether through litigation in Singapore courts, mediation or arbitration under the Rules of the Singapore International Arbitration Centre or the International Chamber of Commerce. Mr Chong has chaired the Law Society's Ad Hoc Committee on reviewing the consultation papers issued by the Bioethics Advisory Committee and is a member of the National Healthcare Group's Domain Specific Review Board, reviewing and approving proposed clinical trials conducted in Singapore.

Mr Chong is a Fellow of the Singapore Institute of Arbitrators.

6

MR GOH KOK LIANG

Independent Non-Executive Director

Mr Goh Kok Liang is our Independent Non-Executive Director effective 10 July 2012. He is also the Chairman of Remuneration Committee and member of Nominating Committee.

He started his career with the Ministry of Law and then, its subsidiary Statutory Board, Singapore Land Authority working on national policies, organisational development and strategic planning. He joined the CapitaLand Group of Companies in early 2004, initially with Raffles Holdings and later with CapitaLand HQ. During his stint with CapitaLand, he was responsible for the Group's business planning process, performance management and competitive intelligence. Other responsibilities include providing support to the President/CEO on strategic investments, corporate strategies and organisational development matters. His responsibilities also cover incubating new business areas for strategic growth and providing feasibility studies on new businesses & markets.

He is currently General Manager (Business Development) of Hin Leong Trading (Pte) Ltd and is also on the board of an US-listed Asia-based infocomm entertainment company where he advises on investor relations and incubation of new business areas for strategic growth. He has direct business interests in several sectors across spa & wellness, electronics, telecommunications, steel trading and leisure tourism.

He is the President of the Singapore Baseball & Softball Association and has also been active in various civic and social organizations.

Mr Goh graduated from Heriot-Watt University, Edinburgh with BSc (lions) in Construction Management and University of Reading with an MSc in Real Estate (Finance & Economics).

7

MS YEO SU-LYNN

Independent Non-Executive Director

Ms Yeo Su-Lynn is our Independent Non-Executive Director effective 10 July 2012. She is also a member of Audit Committee and Nominating Committee of the company.

From 2009 and 2012, she was the National Sales Manager of Synthes Singapore, a multinational medical device company. She headed up the sales team and was responsible for all businesses in Singapore. Prior to this, Ms. Yeo was the Chief Auditor (Managing Director) of Corporate Audit Services in ING, a Dutch Financial Services Company. She headed up ING's Internal Audit division in Asia Pacific and was responsible for the Banking (Wholesale and Private Banking), Insurance (Life and General) and Asset Management audits of ING Group businesses in the region. She also worked in the audit divisions of Coopers & Lybrand, both in London and Singapore.

Ms Yeo is a qualified Chartered Accountant from the Institute of Chartered Accountants of England and Wales and is also a qualified Chartered Financial Analyst.

8

MR LIEN KAIT LONG

Non-Independent Non-Executive Director

Mr Lien Kait Long is our Non-Independent Non-Executive Director effective 19 September 2013.

Mr Lien has more than 40-years of experience in accounting and finance, corporate management and business investment. He has held a number of senior management positions as well as executive directorships in various public and private corporations in Singapore, Hong Kong and China. He currently serves as an Independent Director on the boards of several Singapore and Chinese companies listed on the Singapore Exchange. The listed companies that he has present and prior experience in are from diverse industries including manufacturing, telecommunications, renewable energy, oil & gas, consumer good, textile and food & beverage.

Mr Lien holds a Bachelor of Commerce Degree from Nanyang University and is a fellow member of the CPA Australia and Institute of Singapore Chartered Accountants.

9 MR PANG YOKE MIN

Non-Independent Non-Executive Director

Mr Pang Yoke Min is our Non-Independent Non-Executive Director effective 2 May 2013.

He is Pacific Radiance Ltd Group's Executive Chairman since January 2013, after having served as its principal adviser from January 2012 to December 2012.

Mr Pang has more than 30 years of experience in the offshore oil and gas industry. He co-founded Jaya Holdings Limited in 1981 and was its managing director from its inception until 2006. During this time, he was instrumental in charting its rapid growth. Jaya Holdings Limited is a listed company on the Main Board of the SGX-ST. He currently serves as a Non-Independent Non-Executive director of Global Yellow Pages Limited.

Mr Pang graduated with a Diploma in Business Administration from the Institute of Business Administration in Australia.

10 MR WU CHIN LOONG, PAUL

Non-Independent Non-Executive Director

Mr Paul Wu is our Non-Independent Non-Executive Director effective 14 August 2012.

He has over 10 years of experience in the field of private equity and direct investment in the Asia Pacific Region. Mr Wu has hands-on experience managing and monitoring investments in various industries including healthcare. Being a member of executive committees in numerous enterprises and industries throughout Asia and Australia, he brings valuable experiences in the area of strategic and operational matters.

Mr Wu comes from an accounting and finance background having obtained a Professional Degree with the Association of Chartered Certified Accountants (ACCA) and he is a Fellow of the Association.

11 MR PANG WEI KUAN, JAMES

Alternate Director to Mr Pang Yoke Min

Mr Pang Wei Kuan is the Alternate Director to Mr Pang Yoke Min.

He is currently the Managing Director for Commercial and Business Development in Pacific Radiance Ltd.

Mr Pang started his career at Standard Chartered Bank in Singapore in 2009, where his responsibilities included managing client relationships and assisting in originating deals related to the Asian conglomerates portfolio as well as negotiating and executing financing transactions.

He earned a Bachelor of Arts with a major in Economics (summa cum laude) and a Bachelor of Science in Business Administration with a major in Finance (summa cum laude) from Boston University in the US.

FURTHER INFORMATION ON BOARD OF DIRECTORS

1 MR LEW OON YEW
Non-Independent Non-Executive Chairman

Date of first appointment as a Director:
14 November 2011

Date of first appointment as a Chairman:
18 November 2011

Date of last re-election as a Director:
-

Length of Service as a Director (as at 31 December 2013):
2 years 1 month

Board Committee(s) served on:
Audit Committee (Member)

Present directorship/chairmanship in other listed companies:
Nil

Present principal commitments (other than directorships in other listed companies):
- Proventeus Capital Partners Limited

Past principal directorships/ chairmanship held over the preceding 3 years in other listed companies (from 1 January 2011 to 31 December 2013):
Nil

2 DR CHONG LAI LEONG, WILLIAM
Executive Director and Acting Chief Executive Officer

Date of first appointment as a Director:
26 January 2001

Date of last re-election as a Director:
28 May 2012

Length of Service as a Director (as at 31 December 2013):
12 years 11 months

Board Committee(s) served on:
Nil

Present directorship/chairmanship in other listed companies:
Nil

Present principal commitments (other than directorships in other listed companies):
- Entrust Healthcare Pte. Ltd.
- Pacific Investments Pte. Ltd.

Past principal directorships/ chairmanship held over the preceding 3 years in other listed companies (from 1 January 2011 to 31 December 2013):
Nil

3 DR HUANG HSIANG SHUI, MARTIN
Executive Director

Date of first appointment as a Director:
14 November 2011

Date of last re-election as a Director:
-

Length of Service as a Director (as at 31 December 2013):
2 years 1 month

Board Committee(s) served on:
Nil

Present directorship/chairmanship in other listed companies:
Nil

Present principal commitments (other than directorships in other listed companies):
Nil

Past principal directorships/ chairmanship held over the preceding 3 years in other listed companies (from 1 January 2011 to 31 December 2013):
Nil

4 MR HUDSON CHUA JAIN
Lead Independent Director

Date of first appointment as a Director:
14 November 2011

Date of last re-election as a Director:
29 April 2013

Length of Service as a Director (as at 31 December 2013):
2 years 1 month

Board Committee(s) served on:
Audit Committee (Chairman)
Remuneration Committee (Member)

Present directorship/chairmanship in other listed companies:
Nil

Present principal commitments (other than directorships in other listed companies):
- Crowe Horwath Malaysia

Past principal directorships/ chairmanship held over the preceding 3 years in other listed companies (from 1 January 2011 to 31 December 2013):
Nil

5 MR CHONG FOOK CHOY, CHRISTOPHER
Independent Non-Executive Director

Date of first appointment as a Director:
14 November 2011

Date of last re-election as a Director:
29 April 2013

Length of Service as a Director (as at 31 December 2013):
2 years 1 month

Board Committee(s) served on:
Nominating Committee (Chairman)
Audit Committee (Member)
Remuneration Committee (Member)

Present directorship/chairmanship in other listed companies:
Nil

Present principal commitments (other than directorships in other listed companies):
- Rodyk & Davidson LLP

Past principal directorships/ chairmanship held over the preceding 3 years in other listed companies (from 1 January 2011 to 31 December 2013):
Nil

6 MR GOH KOK LIANG
Independent Non-Executive Director

Date of first appointment as a Director:
10 July 2012

Date of last re-election as a Director:
29 April 2013

Length of Service as a Director (as at 31 December 2013):
1 year 5 months

Board Committee(s) served on:
Remuneration Committee (Chairman)
Nominating Committee (Member)

Present directorship/chairmanship in other listed companies:
- Oceanus Group Limited (Director)

Present principal commitments (other than directorships in other listed companies):
- Ace Medical Services Pte. Ltd.

Past principal directorships/ chairmanship held over the preceding 3 years in other listed companies (from 1 January 2011 to 31 December 2013):
Nil

7 MS YEO SU-LYNN
Independent
Non-Executive Director

Date of first appointment as a Director:
10 July 2012

Date of last re-election as a Director:
29 April 2013

Length of Service as a Director (as at 31 December 2013):
1 year 5 months

Board Committee(s) served on:
Audit Committee (Member)
Nominating Committee (Member)

Present directorship/chairmanship in other listed companies:
Nil

Present principal commitments (other than directorships in other listed companies):
Honorary Treasurer and Management Committee member of the Alzheimer's Disease Association, Singapore

Past principal directorships/ chairmanship held over the preceding 3 years in other listed companies (from 1 January 2011 to 31 December 2013):
Nil

8 MR LIEN KAIT LONG
Non-Independent
Non-Executive Director

Date of first appointment as a Director:
19 September 2013

Date of last re-election as a Director:
-

Length of Service as a Director (as at 31 December 2013):
3 months

Board Committee(s) served on:
Nil

Present directorship/chairmanship in other listed companies:
- China Enterprises Limited [OTC USA]
- China Jishan Holdings Limited (Lead Independent Director and Chairman of Audit and Risk Committee and Nominating Committee)
- Hanwell Holdings Limited (Independent Director and Chairman of Nominating Committee)
- Falcon Energy Group Limited (Lead Independent Director and Chairman of Audit Committee)
- Tat Seng Packaging Group Ltd (Independent Director and Chairman of Audit Committee)
- Youyue International Limited(Independent Director and Chairman of Audit Committee and Remuneration Committee)
- Viking Offshore and Marine Ltd (Independent Director and Chairman of Audit Committee)
- 8Telecom International Holdings Co. Ltd (Lead Independent Director)
- IPC Corporation Ltd (Independent Director)
- Renewable Energy Asia Group Limited (Independent Director and Chairman of Audit Committee)

Present principal commitments (other than directorships in other listed companies):
Nil

Past principal directorships/ chairmanship held over the preceding 3 years in other listed companies (from 1 January 2011 to 31 December 2013):
- Intraco Ltd (Non Executive Director)
- CMZ Ltd (Lead Independent Director and Chairman of Audit Committee)
- Ocean International Ltd (Independent Director and Chairman of Audit Committee)
- Kian Ho Bearings Ltd. (Independent Director and Chairman of Remuneration Committee)

9 MR PANG YOKE MIN

Non-Independent
Non-Executive Director

Date of first appointment as a Director:
2 May 2013

Date of last re-election as a Director:
-

Length of Service as a Director (as at 31 December 2013):
7 months

Board Committee(s) served on:
Nil

Present directorship/chairmanship in other listed companies:
- Pacific Radiance Ltd. (Chairman)
- Global Yellow Pages Limited (Director)

Present principal commitments (other than directorships in other listed companies):
- Radiance Investment Pte. Ltd.

Past principal directorships/ chairmanship held over the preceding 3 years in other listed companies (from 1 January 2011 to 31 December 2013):
Nil

10 MR WU CHIN LOONG, PAUL

Non-Independent
Non-Executive Director

Date of first appointment as a Director:
14 August 2012

Date of last re-election as a Director:
29 April 2013

Length of Service as a Director (as at 31 December 2013):
1 year 4 months

Board Committee(s) served on:
Nil

Present directorship/chairmanship in other listed companies:
Nil

Present principal commitments (other than directorships in other listed companies):
- Proventeus Capital Partners Limited

Past principal directorships/ chairmanship held over the preceding 3 years in other listed companies (from 1 January 2011 to 31 December 2013):
Nil

11 MR PANG WEI KUAN, JAMES

Alternate Director to
Mr Pang Yoke Min

Date of first appointment as a Director:
19 September 2013

Date of last re-election as a Director:
-

Length of Service as a Director (as at 31 December 2013):
3 months

Board Committee(s) served on:
Nil

Present directorship/chairmanship in other listed companies:
Nil

Present principal commitments (other than directorships in other listed companies):
- Radiance Investment Pte. Ltd.
- Hudson Marine Pte. Ltd.
- PT Jawa Titamarin

Past principal directorships/ chairmanship held over the preceding 3 years in other listed companies (from 1 January 2011 to 31 December 2013):
Nil

Note:
Except for Mr Pang Yoke Min and Mr Pang Wei Kuan's father and son relationship, none of the Directors have any relationships including immediate family relationships between the Directors, the Company or its 10% shareholders.

Compassion

To understand & empathise with our patients and their needs

2013 was a turnaround year for the Company following the restructuring and stabilisation initiatives, and key management changes made in the preceding year.

REVENUE & PROFITABILITY

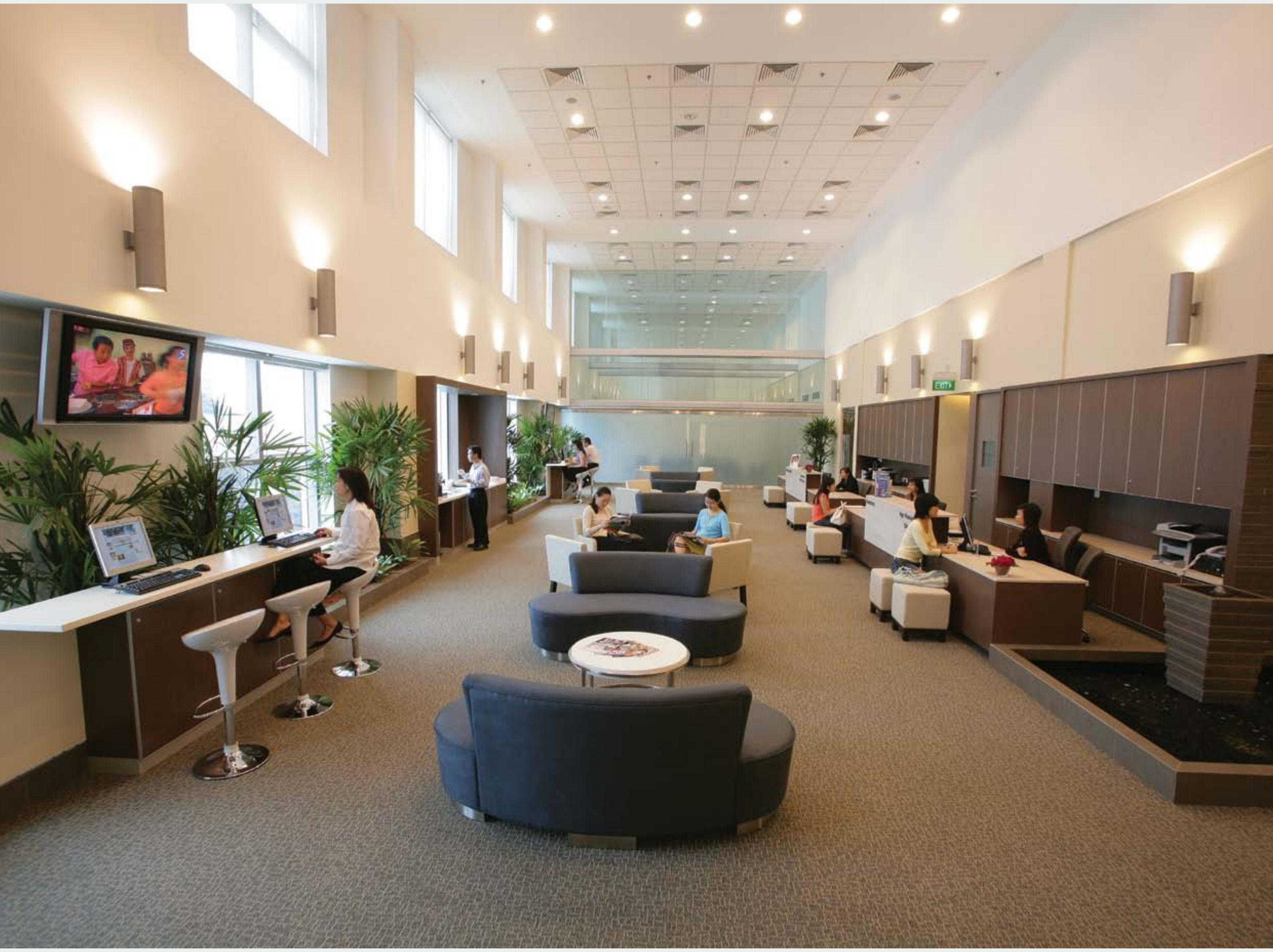
Group revenue was S$53 million against S$55 million in 2012 (restated). Revenue from the dentistry segment was up 11%, while revenue from the medical segment was down by 6% as compared to the previous financial year. The flat growth was attributed to doctor turnover.

Operating expenses were reduced by 7% due to tighter cost controls in all areas including consumables and salaries, which were reduced by 6% and 4% respectively.

The Group reported a pretax loss of S$11.4 million, an improvement of 5% over the previous year. The improvement at the operating level was greater at 27%. This excludes the extraordinary gains from the sale of an associate company in 2012.

The Group reported a net loss attributable to owners of the Company of S$8.8 million, an improvement by 5% from a net loss of S$9.3 million in the previous year.

2012 figures were restated to bring the financial operations of China to be in line with Singapore with respect to recognition of deferred revenue from the sales of service packages. The impact of the restatement was to reduce 2012 revenue from China by S$0.7 million.



BALANCE SHEET

During the year, the company raised S$9.5 million via new share issues, which were used primarily to repay debt. As at December 2013, the Group's cash and bank balance stood at S$4.1 million, as compared to S$5.2 million in the previous year. The Group had current assets of S$12.9 million, compared to S$13.9 million as at 31 December 2012.

As at 31 December 2013, the Group had current liabilities of S$26.3 million, less S$3.9 million from 2012. Total liabilities fell by S$3.6 million to S$28.5 million from S$32.1 million. The reduction was due to the near full repayment of financial debt during 2013.

STRATEGIC AND OPERATIONAL RE-DIRECTION

During the year, the Group took operational control over the 21,000 sq ft medical clinic in Jakarta and its second nursing home at Senja Road. We have now charted the strategic and operational direction of these entities and expect to see a turnaround in the performances of our investee companies.

Medical Excellence

To offer quality medical care of the highest standards

DIRECTORS

Mr Lew Oon Yew
Non-Independent Non-Executive Chairman
Dr Chong Lai Leong, William
Executive Director and Acting Chief Executive Officer
Dr Huang Hsiang Shui, Martin
Executive Director
Mr Hudson Chua Jain
Lead Independent Director
Mr Chong Fook Choy, Christopher
Independent Non-Executive Director
Mr Goh Kok Liang
Independent Non-Executive Director
Ms Yeo Su-Lynn
Independent Non-Executive Director
Mr Lien Kait Long
Non-Independent Non-Executive Director
Mr Pang Yoke Min
Non-Independent Non-Executive Director
Mr Wu Chin Loong, Paul
Non-Independent Non-Executive Director
Mr Pang Wei Kuan, James
Alternate Director to Mr Pang Yoke Min

AUDIT COMMITTEE

Mr Hudson Chua Jain
Chairman
Mr Lew Oon Yew
Member
Mr Chong Fook Choy, Christopher
Member
Ms Yeo Su-Lynn
Member

NOMINATING COMMITTEE

Mr Chong Fook Choy, Christopher
Chairman
Ms Yeo Su-Lynn
Member
Mr Goh Kok Liang
Member

REMUNERATION COMMITTEE

Mr Goh Kok Liang
Chairman
Mr Hudson Chua Jain
Member
Mr Chong Fook Choy, Christopher
Member

COMPANY SECRETARIES

Mr Teo Meng Keong
Mr Lee Wei Hsiung

REGISTERED OFFICE

290 Orchard Road
#19-01 Paragon
Singapore 238859
Tel: (65) 6883 6966
Fax: (65) 6883 6956

PRINCIPAL BANKERS

Standard Chartered Bank
United Overseas Bank Limited

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

AUDITORS

(since financial year ended 31 December 2007)
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner in charge: **Mr Tan Chian Khong**
(with effect from financial year ended
31 December 2011)

FINANCIAL CONTENTS

Pacific Healthcare Holdings Ltd. (the "Company") is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the "Group") by complying with the Singapore Code of Corporate Governance 2012 (the "Code") and will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time. Pursuant to Rule 710 of the Listing Manual of the SGX-ST, this Report sets out the Company's corporate governance practices with specific reference to the principles of the Code of Corporate Governance.

I. BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The Board of Directors (the "Board") has the overall responsibility for the management and corporate governance of the Group, including the Group's overall strategic plans, key operational initiatives, annual budgets, investment proposals and financial reviews.

Matters which are specifically reserved for the Board's decision include those involving interested person transactions, material acquisitions and disposal of assets, corporate or financial restructuring, share issuances, dividends and other returns to shareholders, appointment of directors and key management staff, including review of performance and remuneration packages.

The Group has in place the financial authorisation and limitations for matters such as operating and capital expenditure, acquisition and disposal of assets and investments, which require the Board's approval. Below the Board level, there are appropriate delegations of authority to the Executive Committee and Senior Management levels, to facilitate operational efficiency.

To facilitate effective management, certain functions of the Board have been delegated to various Board Committees, namely Executive Committee ("EXCO"), Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"). These committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The effectiveness of each committee is also reviewed by the Board.

The Executive Committee is responsible for the review and assessment of the following proposals and recommendations before they are submitted to the Board of Directors:

a) variation of any material contract, agreement or arrangement, including a partnership agreement or a joint venture agreement, between the Company and a third party;
b) the Group's annual operating and capital budgets;
c) to carry out such other functions as may be delegated to it by the Board.

The primary responsibilities and the names of the members of AC, NC and RC are disclosed in this Report.

Board attendance

The Board conducts scheduled meetings on a regular basis. Adhoc meetings are convened when circumstances require. To ensure meetings are held regularly with maximum directors' participation, the Company's Articles of Association allows for the telephone and video-conferencing meetings.

The table below sets out the attendances at meetings of the Board and the Board Committees which were convened during the financial year:

Name	Board	Audit Committee	Nominating Committee	Remuneration Committee
	No.of Meetings held: 5	No. of Meetings held: 5	No. of Meetings held: 2	No. of Meetings held: 1
	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended
Mr Lew Oon Yew Note1	4	4	1	1
Dr Chong Lai Leong, William	5	NA	NA	NA
Dr Huang Hsiang Shui, Martin	4	NA	NA	NA
Mr Chong Fook Choy, Christopher	4	4	2	1
Mr Hudson Chua Jain Note 1	5	5	1	0
Mr Goh Kok Liang Note 2	5	NA	1	1
Ms Yeo Su-Lynn Note 3	5	4	1	NA
Mr Wu Chin Loong, Paul	5	NA	NA	NA
Mr Pang Yoke Min Note 4	3	NA	NA	NA
Mr Lien Kait Long Note 5	1	NA	NA	NA
Ms Sri Widati Ernawan Putri Note 6	1	NA	NA	NA

NA: Not Applicable

Note:

1. Mr Hudson Chua Jain and Mr Lew Oon Yew ceased to be NC members on 23 January 2013.
2. Mr Goh Kok Liang was appointed RC Chairman and NC member on 23 January 2013.
3. Ms Yeo Su-Lynn was appointed as AC and NC member on 23 January 2013.
4. Mr Pang Yoke Min was appointed Non-Independent Director on 2 May 2013.
5. Mr Lien Kait Long was appointed Non-Independent Director on 19 September 2013.
6. Ms Sri Widati Ernawan Putri resigned as Non-Independent Non-Executive Director on 2 April 2013.

Training for Directors

Directors with no previous Board experience have to undergo orientation and training programmes to develop the requisite individual skills. The Directors are informed and encouraged to attend relevant courses conducted by the Singapore Institute of Directors, Singapore Exchange Securities Limited and external consultants, During the year, the Directors received updates on regulatory changes to the Listing Rules, the new notification regime for disclosure of interests by Directors/ CEOs, business initiatives and changes to the accounting standards.

Newly appointed Directors prior to their appointments, are provided information on their duties as a director under the Singapore law. Directors are updated regularly on key accounting and regulatory changes. Where necessary, the Company arranges for presentations by external professionals, consultants and advisers on topics that would have an impact on the regulations, accounting standards and the implications of certain regulatory changes affecting the responsibilities of the Directors.

Principle 2: Board Composition and Guidance

The Board of Directors comprises the following members:

1.	Mr Lew Oon Yew	Non-Independent Non-Executive Chairman
2.	Mr Lien Kait Long	Non-Independent Non-Executive Director
3.	Mr Pang Yoke Min	Non-Independent Non-Executive Director
4.	Mr Wu Chin Loong, Paul	Non-Independent Non-Executive Director
5.	Dr Chong Lai Leong, William	Executive Director and Acting Chief Executive Officer
6.	Dr Huang Hsiang Shui, Martin	Executive Director
7.	Mr Hudson Chua Jain	Lead Independent Director
8.	Mr Chong Fook Choy, Christopher	Independent Non-Executive Director
9.	Mr Goh Kok Liang	Independent Non-Executive Director
10.	Ms Yeo Su-Lynn	Independent Non-Executive Director
11.	Mr Pang Wei Kuan, James	Alternate Director to Mr Pang Yoke Min

Currently, the Board comprises 10 Directors, 4 of whom are Independent Directors. Mr Hudson Chua Jain has been appointed as the Lead Independent Director and he will be available to shareholders where they have concerns and for which contact through normal channels of the Chairman, the CEO or the Chief Financial Controller has failed to resolve or is inappropriate. The requirement of the Code that the independent directors must make up at least 1/3 of the Board is satisfied. There is therefore a good balance between the Executive and Non-Executive Directors and a strong and independent element on the Board.

The Board noted that the requirement for independent director to make up at least half of the Board where the Chairman is not an independent director (Guideline 2.2 of the Code) must be fulfilled by the Group's financial year commencing 1 January 2017. Necessary arrangements will be made to satisfy the aforesaid guideline in due course.

Mr Hudson Chua Jain, Mr Goh Kok Liang, Ms Yeo Su-Lynn and Mr Chong Fook Choy, Christopher have confirmed that they do not have any relationship with the Company or its related corporations or its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company. None of the Independent Directors have served on the Board beyond nine years from the date of his appointment.

The NC reviewed the independence of each Director annually by adopting the Code's definitions that constitutes an independent director in its review and the Board, taking into account the views of the NC, determined that the said Directors are independent in character and judgement and no relations or circumstances which are likely to affect, or could appear to affect, the said Directors' judgement.

Given the current nature and scope of the Company's operations, the NC and the Board considers the present board size and number of committees facilitate effective decision-making and that no individual or small group of individuals dominates the Board's decision-making process. The NC and the Board are of the view that the present Board has the mix of expertise, experience, gender and competencies such as accounting or finance, business or management experience and industry knowledge for the effective functioning of the Board and is appropriate for the current scope and nature of the operations of the Group.

The Board and the Management are given opportunities to engage in open and constructive debate for the furtherance of achieving strategic objectives. The Non-Executive Directors actively challenge and help the Group in developing proposals on strategy, reviewing the performance of and extending guidance to the Management.

Principle 3: Chairman and Chief Executive Officer ("CEO")

Different individuals assume the roles of the Chairman of the Board and CEO. The Chairman of the Company is Mr. Lew Oon Yew and the Acting CEO is Dr Chong Lai Leong, William. The Chairman and the Acting CEO are not related.

The Chairman is responsible to lead the Board to ensure its effectiveness in all aspects of its role, approve agenda of the Board meetings, ensure adequate time is available for discussion of all agenda items, in particular strategic issues, ensure that the Board receives accurate, timely and clear information, encourage constructive relations among the Directors and their interactions with Management, facilitate the effective contribution of the non-executive directors and provides guidance, advice and leadership to the Acting CEO and the Management. With the full support of the Directors, the Company Secretary and Management, the Chairman takes a lead role in promoting high standards of corporate governance.

The Chairman plays a pivotal role in fostering constructive dialogue between the shareholders, the Board and the Management at general meetings.

The Acting CEO is responsible for the overall management of the Group's day to day operations, setting strategies, objectives and missions as well as translating the Board's decision and plans into execution action and is assisted by the other executive director and key senior management members.

The separation of the roles of the Chairman and Acting CEO ensures a balance of power and authority such that no one individual represents a considerable concentration of power and increases accountability.

Non-Executive Directors have been actively participating in discussions and decision-making at the Board and Committee levels as well as open discussions with Management.

Principle 4: Board Membership

The Board has established a Nominating Committee ("NC") which comprises 3 members, all of whom are Independent Non-Executive Directors. The members of the NC are as follows:

1. Mr Chong Fook Choy, Christopher - Chairman
2. Ms Yeo Su-Lynn - Member
3. Mr Goh Kok Liang - Member

The NC meets at least once a year. The principal functions of the NC include, but are not limited to, the following:

(a) nomination and re-nomination of Directors having regard to the Director's contribution and performance;
(b) determining on an annual basis whether or not a Director is independent;
(c) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director;
(d) review and approve any new employment of related persons and proposed terms of their employment;
(e) review and recommend the training and professional development programmes for the Board;
(f) recommend to the Board succession plans for Directors, in particular, the Chairman and the CEO;
(g) reviews and consider whether a Director who has multiple board representations in listed companies and other principal commitments, is able to devote time and has adequately carried out his/her duties as a Director of the company;
(h) recommend the appointment of key management positions, reviewing succession plans for key positions within the Group and overseeing the development of key executives and talented executives within the Group.

For FY2013, despite some of the Directors having multiple board representations, the NC takes into account the results of the assessment of the effectiveness of the individual Director and his actual conduct on the Board, in making his determination, is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company. As time requirements of each Director are subjective, the NC has decided not to fix a maximum limit on the number of Directorship a Director can hold. The NC considers that the multiple board representations held presently by its Directors do not impede their respective performance in carrying out their duties to the Company.

During FY2013, the NC and the Board had assessed and approved the appointment of Mr Pang Wei Kuan, James as an alternate director to Mr Pang Yoke Min. Mr Pang Wei Kuan, James is based in Singapore and is familiar with the Group's affairs and qualified to bear all the duties and responsibilities of the Principal Director.

The process for the search, selection and appointment of new Directors is as follows:

a) candidates are sourced though network of contacts and identified based on the needs of the relevant skills, experience, knowledge and expertise.
b) the NC meets with the short-listed candidates to assess their suitability taking into consideration the existing composition of the Board and strives to ensure that the Board has an appropriate balance of Independent Directors as well as the qualifications and experience of each candidate, his/her ability to increase the effectiveness of the Board and to add value to the Group's business in line with its strategic objectives and to ensure that the candidates are aware of the expectations and the level of commitment required of them.
c) the NC makes recommendations to the Board for approval.

The NC recommends all appointment, re-election and re-appointment of Directors. At each Annual General Meeting ("AGM"), not less than one third of the Directors for the time being (being those who have been longest in office since their appointment or re-election) are required to retire from office by rotation. All Directors shall retire from office at least once every three (3) years. A retiring Director is eligible for re-election by the shareholders at the AGM. Any person appointed by the Directors either to fill a casual vacancy or as an additional Director during the year will hold office only until the next AGM and will be eligible for re-election. In evaluating the Director's contribution and performance for the purpose of re-nomination, factors such as attendance, preparedness, participation and candour are taken into consideration.

The NC has recommended to the Board that Mr Lew Oon Yew, Dr Chong Lai Leong, William, Dr Huang Hsiang Shui, Martin, Mr Lien Kait Long and Mr Pang Yoke Min be nominated for re-election at the forthcoming AGM of the Company. The Board recommends the shareholders to approve the re-election of the said Directors. The details of the proposed resolutions are stipulated in the Notice of AGM.

Key information regarding the Directors such as academic, professional qualifications, shareholding in the Company and its related corporations, board committees served on (as a member or Chairman), date of first appointment as a Director, date of last re-appointment as a Director, Directorships or Chairmanships both present and those held over the preceding 3 years in other listed companies, and other principal commitments is disclosed in the "Board of Directors" section of the annual report.

Principle 5: Board Performance

Subject to the approval of the Board, the NC will periodically review and decide on how the Board's performance is to be evaluated and propose objective performance criteria which address how the Board has enhanced long-term shareholders' value. The performance evaluation will also include consideration of our share price performance vis-à-vis the Straits Times Index and a benchmark index of its industry peers.

The Board also implemented a formal annual assessment process to be carried out by our NC by way of a board assessment checklist and individual Director evaluation, which is circulated to all Board members for completion. The areas of assessment mainly focus on the Director's attendance, preparedness, participation, Board's review on corporate strategy and planning, industry and business knowledge, risk management and internal control, financial reporting and etc. The completed checklists would be submitted to the Chairman of NC. The Chairman will act on the results of the performance evaluation, and, in consultation with the NC, purpose, where appropriate, new members to be appointed to the Board or seek the resignation of Directors.

The NC, having reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole for the financial period reported on, is of the view/satisfied that:

a. the performance of the Board as a whole has been satisfactory;
b. sufficient time and attention has been given to the Group by the Directors;
c. the current size and composition of the Board provides it with adequate ability to meet the existing scope of needs and the nature of operations of the Company.

The NC will, from time to time, review the appropriateness of the Board size, taking into consideration changes in the nature of the Group's businesses, the scope of operations, as well as changing regulatory requirements.

Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his performance of re-nomination as Director or any other matters in which he/she has an interest in.

Principle 6 : Access to Information

The Company's Management provides the Board with complete, adequate, periodic updates covering operational performance and financial results, market and business development and other important and relevant information. In respect of the annual budgets, any material variances between the projections and actual results are disclosed and explained to the Board by the Management during the Board Meetings.

The Company or the Board will seek the appropriate independent and professional advice as and when the Directors, whether as a group or individually, need independent professional advice. The Board has unrestricted access to the Management and Company Secretary at all times and the Management provides the Board with such additional information as needed to make informed and timely decisions. Whenever necessary, senior management will be invited to attend the Board meetings to answer queries and provide detailed insights into their areas of operations.

Together with other Management staff of the Company, the Company Secretary ensures that the Company complies with the requirements of the Companies Act and other rules and regulations that are applicable to the Company. The Company Secretary attends all Board meetings to ensure that the board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary assists the Board and its board committees in implementing and strengthening all corporate governance practices. The appointment and removal of the company secretary are subject to the Board's approval as a whole.

II. REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The Board has established a Remuneration Committee ("RC") which comprises 3 members, all of whom are Independent and Non-Executive Directors. The members of the RC are as follows:

1.	Mr Goh Kok Liang	- Chairman
2.	Mr Hudson Chua Jain	- Member
3.	Mr Chong Fook Choy, Christopher	- Member

The RC meets at least once a year. The principal functions of the RC include, but are not limited to, the following:

a) review and approve the general remuneration framework of the Directors and key management personnel of the Company and its subsidiaries;
b) structure a significant and appropriate proportion of Executive Directors and key management personnel's remuneration;
c) review the on-going appropriateness and relevance of the executive remuneration policy and other benefit programs;
d) determine, review and approve the design of all option plans, stock plans and/or other equity based plans that the Group proposes to implement;
e) review the remuneration of employees who are related to the Directors and 10% substantial shareholders;
f) review and recommend to the Board the eligibility of the Executive Directors and key management personnel under long-term incentive schemes and to evaluate the costs and benefits of such long-term incentive schemes.

The RC will recommend to the Board a framework of remuneration (including but not limited to fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind) for the Directors, Chief Executive Officer and all staff whose annual remuneration exceeds S$500,000. The RC will also make recommendations to the Board on the remuneration package of the CEO and Executive Directors. The remuneration and benefits-in-kind of all staff whose annual remuneration exceeds S$500,000 shall be reviewed by the RC.

The RC will also review the Company's obligations arising in the event of termination of the Executives Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

Principle 8: Level and Mix of Remuneration

In setting the remuneration packages of the Executive Directors, the Company takes into consideration the remuneration and employment conditions and makes a comparative study of the packages of Executive Directors in comparable companies/ industries as well as the Group's relative performance.

The Company had entered into separate service agreements with all Executive Directors and the Executive Directors are paid in accordance with their respective service agreements. The service agreement is renewable every 3 years. The Executive Directors or the Company may terminate the service agreements by giving to the other party not less than six months' notice in writing, or in lieu of notice, payment of an amount equivalent to six months' salary based on the Executive Director's last drawn salary.

Non-Executive Directors are paid a fixed base fee and an additional fixed fee for serving on any of the committees. The Chairman of each committee is compensated for his additional responsibilities. The RC recommends such fees for the Board's endorsement for approval by the shareholders of the Company as a quarterly payment in arrears at the AGM of the Company. No Director shall participate in deliberating his own fees.

The RC may from time to time, where necessary or required, seek advice from external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and Management, so that the Group remains competitive in this regard.

Principle 9: Disclosure on Remuneration

Directors' Remuneration

The breakdown of remuneration of the Directors for the year ended 31 December 2013 are as follows:

Name	Remuneration (S$)	Salary (%)	Bonus (%)	Directors' Fee (%)	Professional Fees (%)	Total (%)
S$500,000 and above						
Dr Chong Lai Leong, William	-	6%	4%	1%	89%	100%
Huang Hsiang Shui, Martin	-		9%	2%	89%	100%
Below S$250,000 to below S$500,000						
Below S$250,000						
Mr Lew Oon Yew	10,000			100%		100%
Mr Hudson Chua Jain	46,000			100%		100%
Mr Chong Fook Choy, Christopher	41,000			100%		100%
Ms Yeo Su-Lynn	36,000			100%		100%
Mr Goh Kok Liang	41,000			100%		100%

Note:
The Board is of the view that the disclosure of remuneration of each Executive Directors, Deputy CEO and key management personnel of the Group would be disadvantageous to the Group's business interests, given the highly competitive conditions in the industry, where poaching of Executives is commonplace.

Key Management Personnel's Remuneration

The annual aggregate remuneration paid to the top five key management personnel of the Company (excluding the Acting CEO and Deputy CEO) for the financial year ended 31 December 2013 is S$460,000.

There are no termination, retirement and post-employment benefits granted to the Directors, the Acting CEO, Deputy CEO and top five key management personnel.

There are no employees who are immediate family members of a Director or the CEO and whose remuneration exceeded S$50,000 per annum for the financial year ended 31 December 2013.

The Company has an employee share option scheme known as the Pacific Healthcare Employee Share Option Scheme ("the Scheme"). No option has been granted under the Scheme by the Company during the financial year. More information on the Pacific Healthcare Employee Share Option Scheme is set out in the Directors' Report. The RC and the Board will constantly evaluate and assess the implementation of the Scheme with the aim of enhancing the link between rewards and corporate and individual performance.

III. ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

In presenting the annual financial statements and announcements to the shareholders, it is the aim of the Board to provide the shareholders with a balanced and understandable assessment of the Group's performance, position and prospects.

The financial performance and annual reports are announced or issued within the mandatory period and are available on the Company's website. An accompanying negative assurance statement was also issued by the Board in the quarterly results announcements to confirm that nothing had come to their attention that may render the results false or misleading.

Management also provides the Board with periodic updates covering operational performance, financial results, marketing and business development and other important and relevant information to enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

Other ways in which information is disseminated to shareholders are further disclosed under Principles 14, 15 and 16.

Principle 11: Risk Management and Internal Controls

The Board recognises that no internal control system will preclude all errors and irregularities. The system is designed to manage rather than to eliminate the risk of failure to achieve business objectives. The controls are to provide reasonable, but not absolute, assurance to safeguard shareholders' investments and the Group's assets. The Board reviews the effectiveness of all internal controls, including operational controls.

The Board had received assurance from the Acting CEO and Senior Finance Manager that the financial records as at 31 December 2013 have been properly maintained and the financial statements for the financial year ended 31 December 2013 give a true and fair view of the Company's operations and finances and regarding the effectiveness of the Company's risk management and internal control systems.

The external and internal auditors has been engaged to review the adequacy of the Group's system of internal controls, ensure internal control weaknesses are ratified and if necessary, update the SGX-ST on any findings and any follow-up action taken by the AC.

The AC will ensure that the review of the effectiveness of the Group's material internal controls, including financial, operational and compliance controls and risk management is conducted annually. In this respect, the AC will review the audit plans and the findings of the auditors and will ensure that the Group follows up on the auditors' recommendations raised, if any, during the audit process.

For the period under review, based on the internal controls established and maintained by the Group, work performed by the external and internal auditors, and regular reviews performed by the management, the various Board committees and the Board, the AC and the Board are of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology controls, and risk management were adequate to provide reasonable assurance of the integrity and effectiveness of the Company in safeguarding its assets and shareholders' value.

Principle 12: Audit Committee

The Audit Committee ("AC") comprises 4 members, a majority of whom are Independent and Non-Executive Directors. The members of the AC are as follows:

1. Mr Hudson Chua Jain - Chairman
2. Mr Lew Oon Yew - Member
3. Mr Chong Fook Choy, Christopher - Member
4. Ms Yeo Su-Lynn - Member

Majority of the AC members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.

The AC is guided by a written Terms of Reference endorsed by the Board and which set out its duties and responsibilities. The AC meets periodically to perform the following functions:

(a) to review with the external auditor's audit plan;
(b) to review the consolidated financial statements and the external auditors' report on those financial statements, before submission to the Board of Directors for approval;
(c) to review the co-operation given by Management to the external auditors;
(d) to consider the appointment and re-appointment of the external auditors;
(e) to review and approve interested person transactions;
(f) to generally undertake such other functions and duties as may be required by statute or the SGX-ST Listing Manual, and by such amendments made thereto from time to time; and
(g) to review the adequacy of the Group's internal control, including financial, operational, compliance risk and information technology control.
(h) to review performance the Financial Controller / Chief Financial Controller on an annual basis;
(i) to propose and establish a "Whistle-blowing policy" and review the procedures by which employees of the Group may, in confidence, report to the chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions thereto;
(j) to approve the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting / auditing firm or corporation to which the internal audit function is outsourced.

Apart from the duties listed above, the AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position. Each member of the AC will abstain from voting in respect of matters in which he is interested.

In line with the terms of reference of the AC, the following activities were carried out by the AC during the year ended 31 December 2013 in the discharge of its functions and duties including the deliberation and review of the:

- unaudited quarterly and full-year financial results of the Group and announcements and audited financial statements of the Group and of the Company prior submission to the Board for approval and release the results to SGX.
- internal and external audit plans in terms of their scope of audit prior to their commencement of their annual audit.
- external auditors' report in relation to audit and accounting issues arising from the audit matters from audit of the Group in meeting with the external auditors without presence of the executive board members and management.
- adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls and reported to the Board.
- adequacy and effectiveness of the Group's internal audit function.
- external audit fees for the financial year ended 31 December 2013 and recommended to the Board for approval.
- independence and re-appointment of the external auditors and recommended to the Board for approval.
- Interested person transactions and any potential conflicts of interests.
- performance of the Senior Finance Manager.

The AC has full access and co-operation by Management and full discretion to invite any Director, executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The AC has reviewed the independence of the external auditors including the volume of non-audit services supplied by them and is satisfied with their position as independent external auditors. Accordingly, the AC has recommended the re-appointment of Ernst & Young LLP as external auditors of the Company for financial year ending 31 December 2014 at the forthcoming AGM.

Nevertheless, the external auditors, Ernst & Young LLP did not provide any non-audit services to the Group during the year of 2013.

The AC meets with internal and external auditors, in each case, without the presence of the Management, at least once a year. The audit partner of the external auditors is rotated every 5 years, in accordance with the listing rules of the SGX-ST.

The Internal and External Auditors have unrestricted access to the AC.

The Group has appointed different auditors for its Singapore-incorporated subsidiaries and significant associated companies. The Board and the AC are satisfied that the appointment would not compromise the standard and effectiveness of the audit of the Group and is in compliance with Rules 712 and 715 of the Listing Manual.

The AC takes measures to keep abreast of the changes to accounting standards and issues which have impact on the Group's financial statements, with training conducted by professionals or external consultants. No former partner or director of the Company's existing auditing firm is a member of the AC.

Whistle-Blowing Policy

The Company has in place a whistle-blowing policy which provides well-defined and accessible channels in the Group through which employees and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters within the Group.

The AC is responsible to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken.

Principle 13: Internal Audit

The Company has outsourced its internal audit function to ensure independence of the internal audit function as well as access to experienced professionals and best practices in the industry.

The scope of the internal audit is:

(a) to review the effectiveness of the Group's material internal controls;
(b) to provide assurance that key business and operational risks are identified and managed;
(c) to determine that internal controls are in place and functioning as intended; and
(d) to evaluate that operations are conducted in an effective and efficient manner.

The internal auditors report to the Chairman of the AC on any material weaknesses and risks identified in the course of the audit. These will also be communicated to Management. Management will accordingly update the AC on the status of the remedial action plans. To ensure the adequacy of the internal audit function, the AC reviews the internal auditor's scope of work on an annual basis.

The AC approves the hiring, removal, evaluation and compensation of the IA and the IA has unrestricted access to all the Company's documents, records, properties and personnel, and reports directly to the AC on audit matters. The AC will also meet with the IA at least once a year without the presence of the management.

The IA is expected to meet or exceed the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

For FY2013, the AC has reviewed the effectiveness of the Internal Audit function and is satisfied that the Internal Audit function is adequately resourced and has appropriate standing within the Group to fulfil its mandate. The AC will review annually the adequacy and effectiveness of the internal audit function.

IV. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights

Shareholders are encouraged to participate and vote at all general meetings. The Directors ensure that the shareholders are well informed of the rules, including voting procedures that govern general meetings.

Any notice of general meeting is issued at least 14 clear days before the scheduled date of such meeting. The Articles of Association of the Company allow a member of the Company to appoint not more than two proxies to attend and vote on behalf of the member. There is no provision in the Company's Articles that limits the number of proxies for nominee companies.

Principle 15: Communications with Shareholders

The Company has in place investor relations policy and team to promote regular, effective and fair communication with stakeholders.

Shareholders, investors and analysts are kept informed of the major developments of the Company through various means of communication as follows:

- Financial results and annual reports are announced or issued within the mandatory period.
- Price sensitive information, significant transactions or matters are communicated to shareholders via SGXNET.
- Company's annual general meetings.
- Company's website at www.pachealthholdings.com

During FY2013, the Company has made available its media and press releases to the SGX-ST and its website, with contact for investors to channel their comments and queries.

The Directors had not recommended payment of final dividend for the financial year ended 31 December 2013 as the Group intends to conserve cash for its future working capital requirements and for the necessary capital expenditures.

Principle 16: Conduct of Shareholder Meetings

All shareholders of the Company receive the annual report and notice of AGM. At AGMs, shareholders are given the opportunity to air their views and ask Directors or Management questions regarding the Group and its businesses.

At AGMs, separate resolutions are set out on distinct issues, such as proposed Directors' fees, for approval by shareholders. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Besides the external auditors, the chairmen of all Board committees are normally present and available to address queries from shareholders.

The Company has not amended its Articles to provide for absentia voting methods. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of the identity of the shareholders through the web is not compromised.

The Company records minutes of all general meetings and substantial and relevant comments from shareholders together with the responses in regards to the Agenda of the general meetings. These will be made available to shareholders upon request.

The Company had put all resolutions to vote by poll in general meetings and an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages were released to SGX-ST via SGXNet.

V. INTERESTED PERSON TRANSACTIONS ("IPT")

The AC is satisfied that the review procedures for IPTs and the reviews to be made periodically by the AC in relation thereto are adequate to ensure that the IPTs will be transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

There were no IPTs required for disclosure according to Rule 907 of the SGX-ST Listing Manual in respect of IPT for the financial year ended 31 December 2013.

VI. DEALINGS IN SECURITIES

In line with Chapter 12, Rule 1207(19) of the Listing Manual of the SGX-ST on dealing in securities, the Company has in place a policy prohibiting share dealings by Directors and employees of the Company during the period commencing two weeks and one month before the announcement of the Company's financial statements for the quarter and the financial year, as the case may be, and ending on the date of the announcement of the relevant results. This has been made known to Directors, officers and staff of the Company and the Group. They are also reminded to observe the insider trading laws at all times even when dealing in securities within permitted trading period.

VII. MATERIAL CONTRACT

Save for the Agreements which have been published in the SGX-ST, there were no other material contracts of the Group or its subsidiaries involving the interest of any Director or controlling shareholder subsisting at the end of the financial year ended 31 December 2013.

VIII. RISK MANAGEMENT

Management will regularly review the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Group's policies and strategies.

IX. CORPORATE SOCIAL RESPONSIBILITY

The Company has always fostered a socially responsible corporate culture amongst its management and staff. Our doctors and management team have also been involved in various charitable and social welfare organisations through the provision of medical and dental care for the less privileged within our community.

REPORT OF THE DIRECTORS

The directors hereby present their report to the members together with the audited consolidated financial statements of Pacific Healthcare Holdings Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2013.

Directors

The directors of the Company in office at the date of this report are:

Mr Lew Oon Yew	(Chairman)
Dr Chong Lai Leong, William	(Acting Chief Executive Officer)
Dr Huang Hsiang Shui, Martin	
Mr Hudson Chua Jain	
Mr Chong Fook Choy, Christopher	
Mr Wu Chin Loong, Paul	
Ms Yeo Su-Lynn	
Mr Goh Kok Liang	
Mr Pang Yoke Min	
Mr Lien Kait Long	
Mr Pang Wei Kuan, James	(Alternate Director to Mr Pang Yoke Min)

In accordance with Article 91 and 97 of the Company's Articles of Association, Dr Chong Lai Leong, William, Mr Lew Oon Yew, Dr Huang Hsiang Shui, Martin, Mr Pang Yoke Min and Mr Lien Kait Long shall retire at the forthcoming Annual General Meeting of the Company. Dr Chong Lai Leong, William, Mr Lew Oon Yew, Dr Huang Hsiang Shui, Martin, Mr Pang Yoke Min and Mr Lien Kait Long being eligible, offer themselves for re-election.

Arrangements to enable Directors to acquire shares and debentures

Except as described in paragraph below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following Directors, who held office at the end of the financial year, had, according to the register of Directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of directors	**At the beginning of financial year or date of appointment**	**At the end of financial year**	**At the beginning of financial year or date of appointment**	**At the end of financial year**
Ordinary shares of the Company				
Dr Chong Lai Leong, William	1,000,684	1,000,684	50,692,000	52,600,000
Dr Huang Hsiang Shui, Martin	11,952,180	11,952,180	–	–
Mr Pang Yoke Min	–	–	51,000,000	72,117,379
Mr Goh Kok Liang	–	125,000	–	–

Directors' interests in shares and debentures (cont'd)

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2014.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Options

The Company has an employee share option scheme known as the Pacific Healthcare Employee Share Option Scheme (the "Scheme"). The Scheme, which forms an integral component of its compensation plan, is designed to reward and retain eligible participants whose services are vital to its well being and success. It provides eligible participants who have contributed to the success and development of the Company with an opportunity to participate and also increases the dedication and loyalty of these participants and motivates them to perform better.

Under the rules of the Scheme, executive directors, non-executive directors, independent directors and employees of the Company are eligible to participate in the Scheme. Controlling shareholders or associates who have contributed to the success and development of the Group are eligible to participate in the Scheme. Independent shareholders' approval is required in the form of separate resolutions for each grant of options. The Company will at such time provide the rationale and justification for any proposal to grant the controlling shareholders or associates any options (including the rationale for any discount to the market price, if so proposed).

As at date of this report, no share options have been granted or exercised and no Committee has been appointed to administer the scheme.

Restatement of 2012 financials

The Group's 2012 financial numbers were restated to bring the China financial operations to be in line with Singapore with respects to recognition of deferred revenue from the sales of service packages. The impact of the restatement was to reduce 2012 revenue from China by S$703,000.

Going concern assumptions

Our Company announced in our Annual Report of 2013 that, the Company had secured shareholders' pledges of S$2.7 million and loan of S$0.5 million from its major shareholders. The pledges were provided as a back-up plan of last resort and can be drawn upon if necessary.

Audit committee

The members of the audit committee ("AC") at the date of this report are:

Mr Hudson Chua Jain	-	Chairman
Mr Lew Oon Yew	-	Member
Mr Chong Fook Choy, Christopher	-	Member
Ms Yeo Su-Lynn	-	Member

The Chairman and the majority of the members of the AC are independent. Mr Lew Oon Yew is a Non-Executive Director.

The AC carried out its functions in accordance with section 201B(5) of the Singapore Companies Act, Chapter 50.

The AC convened five meetings during the year. In performing its functions, the AC met with the Company's internal and external auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's system of internal accounting controls during the financial year, including the following:

- Reviewed the assistance provided by the Group and Company's management to both the internal and external auditors
- Reviewed the quarterly and annual consolidated financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the Board of Directors
- Reviewed the nature and extent of non-audit services provided by the external auditors
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited (SGX-ST)'s Listing Manual

The AC has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings.

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions.

The AC has recommended to the Board that the independent auditor, Ernst & Young LLP, be nominated for reappointment at the forthcoming Annual General Meeting of the Company.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors

Mr Lew Oon Yew Director	Dr Chong Lai Leong, William Director

9 April 2014

STATEMENT BY DIRECTORS

We, Mr Lew Oon Yew and Dr Chong Lai Leong, William, being two of the directors of Pacific Healthcare Holdings Ltd., do hereby state that, in the opinion of the directors,

(a) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

(b) at the date of this statement, subject to the generation of positive cash flows from the Group's and Company's businesses, as well as shareholders' pledge and loan from its major shareholders, as set out in Note 2.1 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

Mr Lew Oon Yew Director	Dr Chong Lai Leong, William Director

9 April 2014

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
TO THE MEMBERS OF PACIFIC HEALTHCARE HOLDINGS LTD.

Report on the financial statements

We have audited the accompanying financial statements of Pacific Healthcare Holdings Ltd (the Company) and its subsidiaries (collectively, the Group) set out on pages 43 to 114, which comprise the balance sheets of the Group and the Company as at 31 December 2013, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Emphasis of matters

We draw attention to Note 2.1 to the financial statements:

The Group incurred loss attributable to owners of the Company of $8,791,000 for the financial year ended 31 December 2013 and as at that date, the Group and Company are in net current liability positions of $13,408,000 and $2,919,000 respectively. As at 31 December 2013, the Group and Company have loans and borrowings totaling $621,000 and $400,000 respectively that are due within the next 12 months. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group and the Company's ability to continue as going concerns. As disclosed further in Note 2.1, the ability of the Group and the Company to continue as going concerns depends on the Group's ability in generating positive cash flows from its operations, as well as shareholders' pledges and loan from its major shareholders to enable it to meet its liabilities as and when they fall due.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded on the balance sheets. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

Our opinion is not qualified in respect of the above matters.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and Chartered Accountants
Singapore
9 April 2014

BALANCE SHEETS

AS AT 31 DECEMBER 2013

	Notes	Group 2013 $'000	Group 2012 $'000 (Restated)	Group 1.1.2012 $'000 (Restated)	Company 2013 $'000	Company 2012 $'000
ASSETS						
Current assets						
Cash and bank balances	4	4,149	5,218	9,810	1,063	368
Short term deposits, restricted in use		–	–	203	–	–
Trade and other receivables	5	5,332	5,030	8,303	11,312	12,751
Other assets	6	1,276	1,396	1,911	329	435
Inventories	7	2,170	2,222	2,476	–	4
		12,927	13,866	22,703	12,704	13,558
Non-current assets						
Investments in subsidiaries	8	–	–	–	5,407	5,407
Investments in associates	9	2,626	2,556	1,870	–	–
Other investments	10	180	554	171	360	360
Property, plant and equipment	11	11,301	14,900	15,699	2,354	3,100
Other receivables		–	–	146	–	–
Other assets	6	1,950	2,493	3,754	–	–
		16,057	20,503	21,640	8,121	8,867
TOTAL ASSETS		28,984	34,369	44,343	20,825	22,425
EQUITY AND LIABILITIES						
Current liabilities						
Trade and other payables	12	18,818	19,813	14,861	14,887	15,113
Other liabilities	13	6,862	4,491	4,235	336	384
Derivatives	14	–	–	299	–	–
Income tax payable		34	212	895	–	–
Current portion of borrowings	15	435	5,411	7,597	400	4,087
Current portion of finance leases	16	186	293	430	–	–
		26,335	30,220	28,317	15,623	19,584
Net current liabilities		(13,408)	(16,354)	(5,614)	(2,919)	(6,026)
Non-current liabilities						
Deferred tax liabilities	26	81	289	220	–	–
Provisions	17	1,245	1,310	916	699	692
Other payable	12	800	–	–	–	–
Borrowings	15	–	35	1,202	–	–
Finance leases	16	57	292	133	–	–
		2,183	1,926	2,471	699	692
TOTAL LIABILITIES		28,518	32,146	30,788	16,322	20,276
Equity attributable to owners of the Company						
Share capital	18	62,615	53,093	53,093	62,615	53,093
Retained earnings		(57,749)	(48,958)	(39,625)	(58,112)	(50,944)
Other reserves	19	(1,044)	(701)	(896)	–	–
		3,822	3,434	12,572	4,503	2,149
Non-controlling interests		(3,356)	(1,211)	983	–	–
TOTAL EQUITY		466	2,223	13,555	4,503	2,149
TOTAL EQUITY AND LIABILITIES		28,984	34,369	44,343	20,825	22,425

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Notes	Group 2013 $'000	Group 2012 $'000 (Restated)
Revenue	20	53,462	54,888
Other items of income			
Interest income	21	103	149
Other income	22	1,300	349
Items of expense			
Financial expenses	23	(185)	(755)
Changes in inventories of consumables and medical supplies		(262)	(320)
Purchases of consumables and medical supplies		(9,997)	(10,572)
Employee benefits expenses	24	(34,018)	(35,436)
Depreciation expense		(3,885)	(4,468)
Rental expenses		(8,320)	(8,719)
Other expenses	25	(9,700)	(10,923)
Share of results of associates		70	3,778
Loss before tax		(11,432)	(12,029)
Income tax credit	26	376	561
Loss for the year		(11,056)	(11,468)
Attributable to:			
Owners of the Company		(8,791)	(9,333)
Non-controlling interests		(2,265)	(2,135)
		(11,056)	(11,468)
Loss per share attributable to owners of the Company (cents per share)			
Basic	32	(1.84)	(2.29)
Diluted	32	(1.84)	(2.29)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Group	
	2013	**2012**
	$'000	$'000
		(Restated)
Loss for the year	(11,056)	(11,468)
Other comprehensive expense:		
Items that may be reclassified subsequently to profit or loss		
Net (loss)/gain on fair value changes of available-for-sale financial assets	(273)	299
Translation differences relating to financial statements of foreign subsidiaries	50	(50)
Total comprehensive expense for the year	(11,279)	(11,219)
Total comprehensive expense attributable to:		
Owners of the Company	(9,134)	(9,135)
Non-controlling interests	(2,145)	(2,084)
	(11,279)	(11,219)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Group	Equity, total	Attributable to owners of the Company, total	Share capital (Note 18)	Retained earnings	Other reserves, total (Note 19)	Fair value adjustment reserve	Foreign currency translation reserve	Premium paid on acquisition of non-controlling interests	Non-controlling interests
		Attributable to owners of the Company							
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Opening balance at 1 January 2013 (As previously stated)	4,915	4,845	53,093	(47,541)	(707)	230	(890)	(47)	70
Effect of prior year restatement (Note 38)	(2,692)	(1,411)	–	(1,417)	6	–	6	–	(1,281)
Opening balance at 1 January 2013 (As restated)	2,223	3,434	53,093	(48,958)	(701)	230	(884)	(47)	(1,211)
Loss for the year	(11,056)	(8,791)	–	(8,791)	–	–	–	–	(2,265)
Other comprehensive expense									
Net loss on fair value changes of available-for-sale financial assets	(273)	(225)	–	–	(225)	(225)	–	–	(48)
Translation differences relating to financial statements of foreign subsidiaries	50	(118)	–	–	(118)	–	(118)	–	168
Other comprehensive expense for the year, net of tax	(223)	(343)	–	–	(343)	(225)	(118)	–	120
Total comprehensive expense for the year	(11,279)	(9,134)	–	(8,791)	(343)	(225)	(118)	–	(2,145)
Contributions by and distributions to owners									
Placement during the year	4,195	4,195	4,195	–	–	–	–	–	–
Rights issue during the year	5,327	5,327	5,327	–	–	–	–	–	–
Total change in ownership interest	9,522	9,522	9,522	–	–	–	–	–	–
Closing balance at 31 December 2013	466	3,822	62,615	(57,749)	(1,044)	5	(1,002)	(47)	(3,356)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		Attributable to owners of the Company							
Group	**Equity, total**	**Attributable to owners of the Company, total**	**Share capital (Note 18)**	**Retained earnings**	**Other reserves, total (Note 19)**	**Fair value adjustment reserve**	**Foreign currency translation reserve**	**Premium paid on acquisition of non-controlling interests**	**Non-controlling interests**
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Opening balance at 1 January 2012 (As previously stated)	15,656	13,675	53,093	(38,575)	(843)	–	(796)	(47)	1,981
Effect of prior year restatement (Note 38)	(2,101)	(1,103)	–	(1,050)	(53)	–	(53)	–	(998)
Opening balance at 1 January 2012 (As restated)	13,555	12,572	53,093	(39,625)	(896)	–	(849)	(47)	983
Loss for the year	(11,468)	(9,333)	–	(9,333)	–	–	–	–	(2,135)
<u>Other comprehensive expense</u>									
Net gain on fair value changes of available-for-sale financial assets	299	243	–	–	243	230	13	–	56
Translation differences relating to financial statements of foreign subsidiaries	(50)	(45)	–	–	(45)	–	(45)	–	(5)
Other comprehensive expense for the year, net of tax	249	198	–	–	198	230	(32)	–	51
Total comprehensive expense for the year	(11,219)	(9,135)	–	(9,333)	198	230	(32)	–	(2,084)
<u>Contributions by and distributions to owners</u>									
Disposal of a subsidiary	(113)	(3)	–	–	(3)	–	(3)	–	(110)
Total change in ownership interest in subsidiary	(113)	(3)	–	–	(3)	–	(3)	–	(110)
Closing balance at 31 December 2012 (As restated)	2,223	3,434	53,093	(48,958)	(701)	230	(884)	(47)	(1,211)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Company	**Equity, total** S$'000	**Share capital (Note 18)** S$'000	**Retained earnings** S$'000
Opening balance at 1 January 2013	2,149	53,093	(50,944)
Loss for the year	(7,168)	–	(7,168)
Other comprehensive expense for the year, net of tax	–	–	–
Total comprehensive expense for the year	(7,168)	–	(7,168)
Placement during the year	4,195	4,195	–
Rights issue during the year	5,327	5,327	–
Closing balance at 31 December 2013	4,503	62,615	(58,112)
Opening balance at 1 January 2012	6,924	53,093	(46,169)
Loss for the year	(4,775)	–	(4,775)
Other comprehensive expense for the year, net of tax	–	–	–
Total comprehensive expense for the year	(4,775)	–	(4,775)
Total transactions with owners in their capacity as owners	–	–	–
Closing balance at 31 December 2012	2,149	53,093	(50,944)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Group	
	2013	**2012**
	$'000	$'000
		(Restated)
Cash flows from operating activities:		
Loss before tax	(11,432)	(12,029)
Adjustments for:		
Depreciation expense	3,885	4,468
Interest income	(103)	(149)
Interest expense	185	755
Dividend income from other investment	(113)	–
Fair value adjustment on financial assets and financial liabilities	–	6
Net fair value gain on derivatives	–	(299)
(Write-back of provision)/provision for impairment of doubtful receivables	(374)	1,211
Share of results of associates	(70)	(3,778)
Impairment loss on goodwill	623	–
Impairment loss on investment in associates	–	34
Impairment loss on plant and equipment	335	564
Loss on disposal of plant and equipment	465	454
Gain on disposal of subsidiaries/business units	–	(108)
Gain on disposal of associates	–	(2)
Unrealised exchange loss, net	389	127
Operating cash flows before changes in working capital	(6,210)	(8,746)
Cash restricted in use	–	203
Trade and other receivables	751	2,807
Inventories	70	86
Trade and other payables	1,342	4,977
Cash flows used in operations	(4,047)	(673)
Income tax refund/(paid)	90	(135)
Net cash flows used in operating activities	(3,957)	(808)
Cash flows from investing activities:		
Proceeds from disposal of property, plant and equipment	60	134
Purchase of property, plant and equipment (Note 4)	(1,472)	(4,514)
Net cash inflow on acquisition of a subsidiary (Note 27)	104	–
Net cash inflow on disposal of subsidiaries/business units (Note 27)	–	240
Dividend received from associates	–	3,060
Dividend received from other investment	113	–
Interest received	103	64
Net cash flows used in investing activities	(1,092)	(1,016)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Group	
	2013	**2012**
	$'000	$'000
Cash flows from financing activities:		
Proceeds from borrowings	–	1,450
Repayment of borrowings	(5,011)	(4,803)
Repayment of obligation under finance leases	(342)	(588)
Interest paid	(185)	(755)
Advance from non-controlling interest	–	1,932
Proceeds from share placement and rights issue	9,522	–
Net cash flows generated from/(used in) financing activities	3,984	(2,764)
Net decrease in cash and cash equivalents	(1,065)	(4,588)
Effect of exchange rate changes on cash and cash equivalents	(4)	(4)
Cash and cash equivalents at beginning of year	5,218	9,810
Cash and cash equivalents at end of year (Note 4)	4,149	5,218

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

Pacific Healthcare Holdings Ltd. (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is located at 290 Orchard Road #19-01 The Paragon Singapore 238859.

The principal activities of the Company are those of investment holding and to carry on the business of healthcare management. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $) and all values in the tables are rounded to the nearest thousand ($'000) as indicated.

Going concern assumption

The Group and the Company incurred a loss attributable to owners of the Company of $8,791,000 (2012:$9,333,000) and $7,168,000 (2012:$4,775,000) respectively for the year ended 31 December 2013. As at that date, the Group and the Company were in a net current liability position of $13,408,000 (2012: $16,354,000) and $2,919,000 (2012: $6,026,000) respectively. At the end of the reporting period, the Group and the Company have loans and borrowings totaling $621,000 (2012: $5,704,000) and $400,000 (2012: $4,087,000) respectively that are due within the next 12 months. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group and Company's ability to continue as going concern.

The directors are of the opinion that the financial statements of the Group and the Company can be prepared on a going concern basis as they are of the view that the Group will be able to continue to generate net cash inflows from operating activities for a period of 12 months from the date these financial statements were approved, as well as shareholders' pledges and loan from its major shareholder to enable the Group to meet their financial obligations as and when they fall due.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded on the balance sheets. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

2. Summary of significant accounting policies (cont'd)

2.2 ***Changes in accounting policies***

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual periods beginning on or after 1 January 2013. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 ***Standards issued but not yet effective***

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	***Effective for annual periods beginning on or after***
Revised FRS 27 *Separate Financial Statements*	1 January 2014
Revised FRS 28 *Investments in Associates and Joint Ventures*	1 January 2014
FRS 110 *Consolidated Financial Statements*	1 January 2014
FRS 111 *Joint Arrangements*	1 January 2014
FRS 112 *Disclosure of Interests in Other Entities*	1 January 2014
Amendments to FRS 32 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to FRS 110, FRS111, FRS112, FRS 27 (2012) and FRS 28 (2012) *Mandatory Effective Date*	1 January 2014
Amendments to FRS 110, FRS111 and FRS112 *Transition Guidance*	1 January 2014
Amendments to FRS 110, FRS112 and FRS 27 *Investment Entities*	1 January 2014
Amendments to FRS 36 *Recoverable Amount Disclosures for Non-Financial Assets*	1 January 2014
Amendments to FRS 39 *Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2014
INT FRS 121 *Levies*	1 January 2014
Amendments to FRS 19 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Improvements to FRSs (January 2014)	1 July 2014
Improvements to FRSs (February 2014)	1 July 2014

The directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application except for those described below.

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. The Group is currently determining the impact of the disclosure requirements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented in 2014.

2. Summary of significant accounting policies (cont'd)

2.4 ***Basis of consolidation and business combinations***

(a) ***Basis of consolidation***

Basis of consolidation from 1 January 2010

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisition of non-controlling interests, prior to 1 January 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

2. Summary of significant accounting policies (cont'd)

2.4 ***Basis of consolidation and business combinations (cont'd)***

(a) ***Basis of consolidation (cont'd)***

Basis of consolidation prior to 1 January 2010 (cont'd)

- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the owners of the Company.

- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying values of such investments as at 1 January 2010 have not been restated.

(b) ***Business combinations***

Business combinations from 1 January 2010

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.8(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

2. Summary of significant accounting policies (cont'd)

2.4 ***Basis of consolidation and business combinations (cont'd)***

(b) ***Business combinations (cont'd)***

Business combinations prior to 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

2.5 ***Transactions with non-controlling interests***

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 ***Foreign currency***

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) ***Transactions and balances***

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2. Summary of significant accounting policies (cont'd)

2.6 ***Foreign currency (cont'd)***

(a) ***Transactions and balances (cont'd)***

Exchange differences arising on the settlement of monetary items or on translating monetary items at end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) ***Consolidated financial statements***

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at end of the reporting period and their profit or loss are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.7 ***Property, plant and equipment***

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.19. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the assets as follows:

Leasehold improvements	-	10 years
Plant and equipment	-	3 to 10 years
Leasehold improvements in progress	-	Depreciation is not provided

2. Summary of significant accounting policies (cont'd)

2.7 *Property, plant and equipment (cont'd)*

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2.8 *Goodwill*

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.6.

Goodwill and fair value adjustments which arose on acquisitions of foreign operations before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in SGD at the rates prevailing at the date of acquisition.

2. Summary of significant accounting policies (cont'd)

2.9 *Impairment of non-financial assets*

The Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.10 *Subsidiaries*

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2. Summary of significant accounting policies (cont'd)

2.11 *Associates*

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of results of the associate in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its shares of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

The Group's share of the profit or loss of its associates is the profit attributable to equity holders of the associate and, therefore is the profit or loss after tax and non-controlling interest in the subsidiaries of associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associate are prepared as of the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.12 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) ***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The Group has not designated any financial assets upon initial recognition at fair value through profit or loss.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

(ii) ***Loans and receivables***

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired and through the amortisation process.

2. Summary of significant accounting policies (cont'd)

2.12 ***Financial instruments (cont'd)***

(a) ***Financial assets (cont'd)***

Subsequent measurement (cont'd)

(iii) ***Available-for-sale financial assets***

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(b) ***Financial liabilities***

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

2. Summary of significant accounting policies (cont'd)

2.12 ***Financial instruments (cont'd)***

(b) ***Financial liabilities (cont'd)***

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(c) ***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.13 ***Impairment of financial assets***

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

(a) ***Financial assets carried at amortised cost***

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

2. Summary of significant accounting policies (cont'd)

2.13 *Impairment of financial assets (cont'd)*

(a) *Financial assets carried at amortised cost (cont'd)*

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payment.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost had been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) *Available-for-sale financial assets*

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of investment below its costs. "Significant" is to be evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of financial income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.14 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at banks and on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.15 *Inventories*

Inventories are stated at the lower of cost (weighted average basis) and net realisable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.16 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 *Government grants*

Government grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Where the grant relates to income, the grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other income". Alternatively, they are deducted in reporting the related expenses.

2. Summary of significant accounting policies (cont'd)

2.18 ***Borrowings costs***

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.19 ***Employee benefits***

(a) ***Defined contribution plans***

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) ***Employee leave entitlement***

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to end of the reporting period.

2.20 ***Leases***

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

2. Summary of significant accounting policies (cont'd)

2.20 *Leases (cont'd)*

(a) *As lessee*

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) *As lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.21. Contingent rents are recognised as revenue in the period in which they are earned.

2.21 *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

(a) *Sale of goods*

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) *Rendering of services*

Revenue from rendering of services that are of short duration is recognised when the services are completed. Revenue from rendering of packaged services is recognised by reference to the stage of completion of the transaction at the end of reporting period determined by services performed to date as a percentage of total services. Revenue billed in advance of the rendering of services is recognized as deferred revenue at the end of the reporting period.

2. Summary of significant accounting policies (cont'd)

2.21 *Revenue (cont'd)*

(c) ***Interest income***

Interest income is recognised using the effective interest method.

(d) ***Dividend income***

Dividend income is recognised when the Group's right to receive payment is established.

(e) ***Rental income***

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.22 *Income taxes*

(a) ***Current income tax***

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) ***Deferred tax***

Deferred tax is provided using the liability method on temporary differences at the end of reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. Summary of significant accounting policies (cont'd)

2.22 *Income taxes (cont'd)*

(b) *Deferred tax (cont'd)*

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2. Summary of significant accounting policies (cont'd)

2.23 ***Segment reporting***

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.24 ***Share capital and share issuance expenses***

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.25 ***Contingencies***

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

   (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.26 ***Sign-on bonuses***

The Group enters into service agreements with certain of its doctors. These service agreements include sign-on bonuses that are paid to the doctors concerned. Sign-on bonuses are initially measured at cost. Following initial measurement, sign-on bonuses are measured at cost less accumulated amortisation and any accumulated impairment losses.

Sign-on bonuses are amortised over the contractual service periods with the doctors, which range from 5 years to 20 years (2012: 5 years to 20 years).

2. Summary of significant accounting policies (cont'd)

2.27 *Related parties*

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or the Company or of a parent of the Company;

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statement was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

3. Significant accounting estimates and judgements (cont'd)

3.1 *Key sources of estimation uncertainty (cont'd)*

(a) ***Useful lives of plant and equipment***

The cost of plant and equipment is depreciated on a straight-line basis over the plant and equipment's estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 3 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's plant and equipment at the end of reporting period is disclosed in Note 11 to the financial statements.

(b) ***Useful lives of leasehold improvements***

Management estimates the useful lives of these leasehold improvements to be 10 years. The terms of the leases for the Group's premises may however be less than 10 years. Management has assumed the Group will be able to renew the terms of its leases on their expiry and hence the estimated useful lives for leasehold improvements of 10 years is appropriate. In the event the Group is not able to renew the terms of its various leases and the Group vacates the relevant premises, the carrying value of leasehold improvements related to the vacated premises would have to be fully impaired. The carrying amount of the Group's leasehold improvements at the end of reporting period is disclosed in Note 11 to the financial statements.

(c) ***Impairment of investment in subsidiaries or associates***

The Group assesses whether there are any indicators of impairment on the investment in subsidiaries and associates on an annual basis. In making this assessment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying value of the investment in subsidiaries and associates for the Company as at the end of reporting period were $5,407,000 (2012: $5,407,000) and $Nil (2012: $Nil) respectively (Note 8). The carrying value of the investment in associates for the Group as at the end of reporting period was $2,626,000 (2012: $2,556,000) (Note 9).

(d) ***Allowances for doubtful debts***

An allowance is made for doubtful accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. Management specifically analyses account receivables and analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when evaluating the adequacy of the allowance for doubtful accounts. At the end of each reporting period, the receivables are measured at recoverable value and their recoverable values might change materially within the next financial year but these changes would not arise from assumptions or other sources of estimation uncertainty at the end of each reporting period.

3. Significant accounting estimates and judgements (cont'd)

3.1 *Key sources of estimation uncertainty (cont'd)*

(e) *Sign-on bonuses*

The Group enters into service agreements with certain of its doctors. These service agreements include sign-on bonuses that are paid to the doctors concerned. The carrying value of sign-on bonuses is $2,489,000 (2012: $3,133,000) as at the end of reporting period. An assessment is made at each reporting period whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts are determined for each relevant doctor based on calculations of future probability of the doctor concerned. These calculations require the use of estimates. The recoverable amount might change materially within the next financial year but these changes would not arise from assumptions or other sources of estimation uncertainty at the end of reporting period.

(f) *Impairment of non-financial assets*

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The carrying amount of the Group's non-financial assets at the end of reporting period is disclosed in Note 8, 9 and 11 to the financial statements.

3.2 *Judgements made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) *Income taxes*

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payables and deferred tax liabilities at the end of reporting period was $34,000 (2012: $212,000) and $81,000 (2012: $289,000) respectively.

4. Cash and bank balances

	Group		Company	
	2013	**2012**	**2013**	**2012**
	$'000	$'000	$'000	$'000
Cash at banks	4,128	5,197	1,061	365
Cash on hand	21	21	2	3
	4,149	5,218	1,063	368

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Short term deposits, both restricted and not restricted, are made for varying periods of between one week and one month depending on the immediate cash requirements of the Group, and earn interests at the respective short term deposit rates, which range from 0.05% to 0.2% in 2012. There is no short term deposit entered in 2013.

For the purpose of the consolidated cash flow statement, cash and cash equivalents and purchase of property, plant and equipment comprise the following at the end of reporting period:

	Group	
	2013	**2012**
	$'000	$'000
Cash and cash equivalents at end of year	4,149	5,218
Purchase of property, plant and equipment:		
Aggregate cost of property, plant and equipment acquired (Note 11)	1,472	5,124
Adjustments:		
Under finance leases and borrowings (Note 11)	–	(610)
Cash payments to acquire property, plant and equipment	1,472	4,514

5. Trade and other receivables

	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Trade and other receivables:				
Trade receivables:				
Outside parties	2,738	3,776	–	–
Less: Allowance for impairment	(737)	(1,545)	–	–
Subsidiaries	–	–	3,126	3,551
Other receivables:				
Amounts due from associates	14	2,321	14	1,615
Less: Allowance for impairment	–	(2,306)	–	(1,610)
Deposits				
- Rental	1,999	1,818	1,251	1,162
- Related party	12	12	–	–
- Others	159	131	23	23
Amounts due from doctors/former doctors	971	834	–	–
Less: Allowance for impairment	(320)	(428)	–	–
Other receivables	1,304	1,526	789	850
Less: Allowance for impairment	(905)	(1,286)	(789)	(836)
Other related parties				
- Consideration receivable for disposal of subsidiaries and a business unit and dividends receivable	–	166	–	166
- Others	2	112	–	112
Less: Allowance for impairment	–	(138)	–	(130)
Amounts due from former associate	95	37	95	37
Amounts due from subsidiaries	–	–	6,803	7,811
	5,332	5,030	11,312	12,751

	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Total trade and other receivables	5,332	5,030	11,312	12,751
Add				
Cash and bank balances (Note 4)	4,149	5,218	1,063	368
Total loans and receivables	9,481	10,248	12,375	13,119

5. Trade and other receivables (cont'd)

The credit periods generally granted to non-related trade receivable customers for the Group range from 30 to 90 days (2012: 30 to 90 days) and are non-interest bearing. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Current receivables with a short duration are not discounted and the carrying amounts are assumed to be a reasonable approximation of fair values.

The carrying value of the amount due from doctors/former doctors approximates the fair value.

The amounts due from other related parties, which are repayable on demand, includes the balance of $Nil (2012: $166,000) owing from Radlink-Asia Pte Ltd for the disposal of certain subsidiaries on 1 December 2006 and dividends receivable. On 6 May 2011, a Deed of Settlement was signed with Radlink-Asia Pte Ltd ("Radlink") to set out the repayment terms for the balance owing from Radlink. This amount was repayable over 22 monthly installments commencing 15 April 2011 and was settled in January 2013.

Receivables that are past due but not impaired

The Group has trade receivables amounting to $461,000 (2012: $848,000) and other receivables amounting to $649,000 (2012: $409,000) that are past due at the end of reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of reporting period is as follows:

	Group	
	2013	**2012**
	$'000	$'000
Trade receivables past due:		
Lesser than 30 days	151	417
30-60 days	85	261
61-90 days	45	81
91-120 days	33	60
More than 120 days	147	29
	461	848
Other receivables past due:		
Lesser than 30 days	539	295
30-60 days	18	–
61-90 days	20	–
91-120 days	12	2
More than 120 days	60	112
	649	409

5. Trade and other receivables (cont'd)

Receivables that are impaired

The Group's trade and other receivables that are impaired at the end of reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2013	**2012**
	$'000	$'000
Trade receivables – nominal amounts	737	1,545
Less: Allowance for impairment	(737)	(1,545)
	–	–
Movements in allowance accounts:		
At 1 January	1,545	1,205
Charge for the year	–	539
Write back	(309)	(23)
Acquisition of subsidiary	2	–
Written off	(501)	(176)
At 31 December	737	1,545
Amounts due from associates – nominal amounts	–	2,306
Less: Allowance for impairment	–	(2,306)
	–	–
Movements in allowance accounts:		
At 1 January	2,306	1,831
Charge for the year	–	475
Written off	(2,306)	–
At 31 December	–	2,306
Amounts due from doctors/former doctors – nominal amounts	320	428
Less: Allowance for impairment	(320)	(428)
	–	–
Movements in allowance accounts:		
At 1 January	428	747
Charge for the year	7	89
Write back	(72)	–
Written off	(43)	(408)
At 31 December	320	428

5. Trade and other receivables (cont'd)

Receivables that are impaired (cont'd)

	Group	
	2013	**2012**
	$'000	$'000
Other related parties – nominal amounts	–	138
Less: Allowance for impairment	–	(138)
	–	–
Movements in allowance accounts:		
At 1 January	138	8
Charge for the year	–	130
Written back	(8)	–
Written off	(130)	–
At 31 December	–	138
Other receivables – nominal amounts	905	1,286
Less: Allowance for impairment	(905)	(1,286)
	–	–
Movements in allowance accounts:		
At 1 January	1,286	1,492
Charge for the year	8	1
Written off	(389)	(207)
At 31 December	905	1,286

Trade receivables that are determined to be impaired at the end of reporting period relate to receivables that are outstanding more than 1 year. These receivables are not secured by any collateral or credit enhancement.

Amounts due from associates that are determined to be impaired at the end of reporting period relate to associates that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

Amounts due from doctors/former doctors, amounts due from a former owner of a business unit and other related parties that are determined to be impaired at the end of reporting period relate to receivables that have recoverability issues. These receivables are not secured by any collateral or credit enhancement.

6. Other assets

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Other assets (current):				
Prepayments	398	358	80	115
Sign-on bonuses	545	644	–	–
Deferred lease expenses	333	394	249	320
	1,276	1,396	329	435
Other assets (non-current):				
Prepayments	6	4	–	–
Sign-on bonuses	1,944	2,489	–	–
	1,950	2,493	–	–

7. Inventories

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Balance sheet:				
Medical supplies at cost	2,170	2,222	–	4
Income statement:				
Inventories recognised as an expense	10,259	10,892		

8. Investments in subsidiaries

	Company 2013 $'000	Company 2012 $'000
Unquoted equity shares at cost	14,631	14,631
Less: Allowance for impairment	(12,371)	(12,371)
Costs incurred in relation to acquisition of subsidiaries	180	180
Quasi-equity loans	7,550	7,550
Less: Allowance for impairment	(4,583)	(4,583)
Total cost	5,407	5,407
Movements in above allowance:		
At 1 January	16,954	26,550
Write off of prior year allowance for impairment	–	(9,923)
Impairment loss charged to income statement	–	327
At 31 December	16,954	16,954

The quasi-equity loans are interest-free loans to subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future. They are, in substance, part of the Company's net investment in the subsidiaries.

During the financial year, management performed an impairment test for the investment in subsidiaries which have been persistently making losses. An impairment loss of $Nil (2012: $327,000) was recognised for the year ended 31 December 2013 to write down these subsidiaries to their recoverable amounts.

Details of the subsidiaries in the Group are as follows:

Name of subsidiaries, country of incorporation and principal activities	Percentage of equity held by the Group 2013 %	Percentage of equity held by the Group 2012 %
Pacific Surgical and Endoscopy Centre Pte Ltd [(a)] Singapore Provision of day surgical facilities	100	100
Pacific Cancer Centre Pte Ltd [(a)] Singapore Provision of psychiatric services and management of hospital	100	100
Atria Pan Dental Group Pte Ltd [(a)] Singapore Practice of dental surgery and operation of dental clinics	100	100
Pacific Healthcare Specialist Services Pte Ltd [(a)] Singapore Provision of specialised healthcare including ophthalmology, dermatology and general surgery services	100	100

8. Investments in subsidiaries (cont'd)

Name of subsidiaries, country of incorporation and principal activities	Percentage of equity held by the Group 2013 %	2012 %
Pacific Healthcare Asia Pte Ltd [f] Singapore Investment holding	100	100
MD Specialist Healthcare Pte Ltd [a] Singapore Provision of specialised medical services including day surgical centres and dental services	100	100
Pacific Healthcare Limited [c] Hong Kong Investment holding and provision of management services	100	100
Pacific Specialist Services Pte Ltd [a] Singapore Provision of specialist services including obstetric and gynaecology services	100	100
Pacific Healthcare (India) Pte Ltd [a] Singapore Investment holding	70	70
Pacific Healthcare (Indonesia) Pte Ltd [a] Singapore Provision of dental training	100	100
PacHealth Medical Services Pte Ltd [e] India Provision of cosmetic surgery & dentistry services	92.5	92.5
Asia Lifeline Medical Services Pte Ltd [a] Singapore Provision of medical assistance services	100	100
The Wellness Lounge Pte Ltd [a] Singapore Provision of services and products related to wellness and beauty (Acquired on 1 March 2013) (Note 27)	100	48

8. Investments in subsidiaries (cont'd)

Name of subsidiaries, country of incorporation and principal activities	Percentage of equity held by the Group	
	2013	2012
	%	%
Customized Health Solutions Pte Ltd [(a)] Singapore Compounding of pharmaceutical & biological products	100	100
Held by Atria Pan Dental Group Pte Ltd		
Cross Marketing Services Pte Ltd Singapore Trading of implants (Liquidated on 1 February 2013)	–	100
Held by Pacific Healthcare Specialist Services Pte Ltd		
Robertson Choo Oehlers Lee & Lye Pte Ltd [(a)] Singapore Practice of dental surgery and operation of dental clinics	100	100
Held by Pacific Healthcare Indonesia Pte Ltd		
PT Pacific Healthcare Services Indonesia [(b)] Indonesia Provision of specialist medical and dental services	51	51
Held by Pacific Healthcare Limited		
Pacific Kang Ying Healthcare Limited [(d)] Hong Kong Investment holding	75	75
Asia Summit International Limited [(c)] Hong Kong Investment holding	100	100
Held by Pacific Kang Ying Healthcare Limited		
Shen Zhen Marsa Pacific Chain Enterprise Limited [(d)] The People's Republic of China Provision of skin care services and sales of skin care products	52.5	52.5

8. Investments in subsidiaries (cont'd)

[a] Audited by Ernst & Young LLP, Singapore.

[b] Audited by Ernst & Young LLP, Jakarta.

[c] Audited by BDO Limited, Hong Kong.

[d] Audited by Shenzhen Asia Pacific Certified Public Accountants Co. Ltd, The People's Republic of China.

[e] Audited by Nayak & Rane Chartered Accountants, Mumbai, India.

[f] In the process of liquidation.

The Audit Committee and Board of Directors of the Company have satisfied themselves that in appointing the auditing firms for the Company and subsidiaries, Rules 712 and 715 of the Listing Manual have been complied with.

9. Investments in associates

	Group		Company	
	2013	**2012**	**2013**	**2012**
	$'000	$'000	$'000	$'000
Unquoted equity shares at cost to the Company	703	807	703	807
Share of net assets of associates	2,626	2,556	–	–
Less: Allowance for impairment	(703)	(807)	(703)	(807)
	2,626	2,556	–	–

	Group	
	2013	**2012**
	$'000	$'000
Movements in above allowance:		
At 1 January	807	773
Impairment loss	–	34
Written off	(104)	–
At 31 December	703	807

9. Investments in associates (cont'd)

Name of subsidiaries, country of incorporation and principal activities	**Percentage of equity held by the Group 2013**	**2012**
	%	%
Held by the Company		
Mediplex Asia Co. Ltd [b]	49	49
Thailand		
Provision of investment and management services relating to health and wellness business		
Thai Mediplex Co. Ltd [b]	30	30
Thailand		
Management and operations of health and wellness specialist centre		
The Wellness Lounge Pte Ltd [a]	–	48
Singapore		
Provision of services and products related to wellness and beauty		
Held by Pacific Healthcare Specialist Services Pte Ltd		
Ikids Paediatric Practice Pte Ltd [a]	50	50
Singapore		
Provision of specialised medical and paediatric services		
Held by Pacific Healthcare Asia Pte Ltd		
Synergy Healthcare Investments Pte Ltd [c]	40	40
Singapore		
Investment holding		

[a] Audited by Ernst & Young LLP, Singapore.
[b] Audited by CHAYOT Co. Ltd, Bangkok, Thailand.
[c] Liquidated on 14 March 2014.

The Group has not recognised losses relating to some associates where its share of losses exceeds the Group's interest in these associates. The Group's cumulative share of unrecognised losses at the end of reporting period was $Nil (2012: $1,356,000), of which $Nil (2012: $185,000) was the share of the current year's losses. The Group has no obligation in respect of these losses.

On 1 March 2013, the Group acquired the remaining 52% shareholding in The Wellness Lounge Pte. Ltd. ("TWL"). Consequent to the acquisition, TWL from an associate, becomes a wholly-owned subsidiary of the Group. The acquisition of TWL is described in more detail in Note 27.

9. Investments in associates (cont'd)

The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by Group, is as follows:

	Group	
	2013	2012
	$'000	$'000
Assets and liabilities:		
Total assets	7,839	7,820
Total liabilities	(220)	(3,173)

	Group	
	2013	2012
Results:	$'000	$'000
Revenue	1,573	1,894
Gain on disposal of associate	–	9,263
Profit for the year	141	9,031

10. Other investments

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Available-for-sale financial assets:				
Quoted equity shares	60	434	–	–
Unquoted equity shares at cost	2,692	2,692	2,635	2,635
Less: Allowance for impairment	(2,572)	(2,572)	(2,275)	(2,275)
	180	554	360	360

There are no movements in allowance for impairment for both financial years 2012 and 2013.

Quoted equity shares relate to investment in Birla-Pacific MedSpa Limited whose principal activities are the management and operations of medical spas.

10. Other investments (cont'd)

Unquoted equity shares investments include the following entities:

Name of company, country of incorporation and principal activities	Group Cost of investment		Company Cost of investment	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Pacific Healthcare Nursing Home Pte Ltd [(a)] Singapore Provision of nursing home services	120	120	360	360
Prestige Healthcare Investments Private Limited Singapore Investment holding	353	353	–	–
Cure Heart Ltd. Mauritius Investment holding	1,930	1,930	1,930	1,930
Pacific Eldercare and Nursing Pte Ltd [(b)] Singapore Provision of nursing home services	289	289	345	345
	2,692	2,692	2,635	2,635

(a) The Company disposed 25% of its interest in this entity to third parties in 2005. Consequently, this former associate has been accounted as other investment from date of disposal.

(b) The Company disposed 25% of its interest in this entity to third parties in 2008. Consequently, this former associate has been accounted as other investment from date of disposal.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

11. Property, plant and equipment

Group	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Cost:			
At 1 January 2012	17,220	22,132	39,352
Exchange differences	(201)	(254)	(455)
Additions (Note 4)	1,937	3,187	5,124
Disposals	(1,437)	(2,620)	(4,057)
Disposal of a subsidiary	(34)	(293)	(327)
At 31 December 2012 and 1 January 2013	17,485	22,152	39,637
Exchange differences	(31)	(144)	(175)
Additions (Note 4)	349	1,123	1,472
Acquisition of a subsidiary	–	8	8
Disposals	(686)	(1,087)	(1,773)
At 31 December 2013	17,117	22,052	39,169
Accumulated depreciation and impairment loss:			
At 1 January 2012	9,915	13,738	23,653
Exchange differences	(82)	(196)	(278)
Depreciation charge for the year	1,508	2,960	4,468
Disposals	(1,076)	(2,393)	(3,469)
Disposals of a subsidiary	(6)	(195)	(201)
Impairment loss	–	564	564
At 31 December 2012 and 1 January 2013	10,259	14,478	24,737
Exchange differences	(35)	192	157
Depreciation charge for the year	1,380	2,505	3,885
Disposals	(320)	(926)	(1,246)
Impairment loss	–	335	335
At 31 December 2013	11,284	16,584	27,868
Net carrying amount:			
At 31 December 2012	7,226	7,674	14,900
At 31 December 2013	5,833	5,468	11,301

11. Property, plant and equipment (cont'd)

Company	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Cost:			
At 1 January 2012	5,227	2,209	7,436
Additions	317	263	580
Disposals	(138)	(22)	(160)
At 31 December 2012 and 1 January 2013	5,406	2,450	7,856
Additions	15	12	27
Disposals	–	(443)	(443)
At 31 December 2013	5,421	2,019	7,440
Accumulated depreciation:			
At 1 January 2012	2,350	1,617	3,967
Depreciation charge for the year	514	361	875
Disposals	(64)	(22)	(86)
At 31 December 2012 and 1 January 2013	2,800	1,956	4,756
Depreciation charge for the year	533	104	637
Disposals	–	(307)	(307)
At 31 December 2013	3,333	1,753	5,086
Net carrying amount:			
At 31 December 2012	2,606	494	3,100
At 31 December 2013	2,088	266	2,354

Assets held under finance leases and borrowings

During the financial year, the Group acquired plant and equipment with an aggregate cost of $Nil (2012: $610,000) by means of finance leases. The cash outflow on acquisition of leasehold improvements, plant and equipment of the Group amounted to $1,472,000 (2012: $4,514,000) (Note 4).

The carrying amount of plant and equipment of the Group and Company held under finance leases was as follows:

	Group		Company	
	2013 $'000	**2012** $'000	**2013** $'000	**2012** $'000
At 31 December	420	1,420	–	–

Leased assets are pledged as security for the related finance lease liabilities.

11. Property, plant and equipment (cont'd)

Assets pledged as security

In addition to assets held under finance leases, the Group's property, plant and equipment with a carrying amount of $Nil (2012: $1,042,000) are mortgaged to secure the Group's bank loans (Note 15).

Impairment of assets

During the financial year ended 31 December 2013, subsidiaries within the Group carried out a review of the recoverable amount of its equipments because it has been idle for a year. An impairment loss of $335,000 (2012: $564,000) representing the write-down of these equipments to the recoverable amount was recognised in 'Other expenses' (Note 25) line item of the income statement for the financial year ended 31 December 2013.

12. Trade and other payables

	Group			Company	
	2013	2012	1.1.2012	2013	2012
	$'000	$'000 (Restated)	$'000 (Restated)	$'000	$'000
Trade and other payables (current):					
Trade payables:					
Outside parties	5,275	5,837	4,629	824	797
Other payables (current):					
Amounts due to associates	2,978	3,230	667	–	25
Subsidiaries	–	–	–	11,328	11,151
Directors	1,435	1,520	1,100	13	–
For purchase of investments - to be settled by cash	2,123	2,123	2,123	2,123	2,123
Amounts payable to doctors	2,241	2,442	3,461	–	–
Deposits received	106	106	450	476	454
Amounts due to minority shareholders of subsidiaries	2,268	2,174	180	–	–
Others	2,392	2,381	2,251	123	563
	18,818	19,813	14,861	14,887	15,113
Other payables (Non-current):					
Director	800	–	–	–	–
Total trade and other payables (current)	18,818	19,813	14,861	14,887	15,113
Add:					
- Accrued liabilities (Note 13)	1,488	1,350	1,764	288	312
- Loans and borrowings (Note 15)	435	5,446	8,799	400	4,087
- Finance leases (Note 16)	243	585	563	–	–
Total financial liabilities carried at amortised cost	20,984	27,194	25,987	15,575	19,512

12. Trade and other payables (cont'd)

The average credit period taken by the Group to settle non-related trade payables range from 90 to 120 days (2012: 90 to 120 days). The other payables are with short-term durations unless otherwise indicated. The carrying amounts are assumed to be a reasonable approximation of fair values. These amounts are non-interest bearing.

Amounts payable to directors (current) represent professional fees which are payable based on consultancy agreements.

Amounts payable to director (non-current) is non-interest bearing, repayable over 60 fixed monthly instalments of $16,667 and is to be settled in cash.

Amounts payable to doctors are without fixed repayment terms and interest, except for an amount of $2,130,000 (2012: $2,347,000) relating to professional fee due to doctors which are payable based on consultancy agreements.

The payables for purchase of investments represent consideration for certain subsidiaries and associates acquired. The Group entered into sale and purchase agreements with certain vendors to acquire certain subsidiaries. The consideration for the acquisitions was or is to be satisfied by cash.

Amounts due to minority shareholders of subsidiaries relates to payment on behalf for expense and purchase of assets as well as loans obtained. These amounts have no fixed repayment term, are non-interest bearing and are repayable on demand.

13. Other liabilities

	Group			Company	
	2013	2012	1.1.2012	2013	2012
	$'000	$'000 (Restated)	$'000 (Restated)	$'000	$'000
Accrued liabilities	1,488	1,350	1,764	288	312
Deferred revenue	5,374	3,141	2,469	–	–
Deferred lease income	–	–	2	48	72
	6,862	4,491	4,235	336	384

14. Derivatives

	Group			
	2013		2012	
	$'000		$'000	
	Contract/ Notional Amount	Liabilities	Contract/ Notional Amount	Liabilities
Interest rate swap, representing total held for trading liabilities	–	–	–	–

In 2012, the interest rate swap was used to hedge cash flow interest rate risk arising from a floating rate SGD bank loan amounting to $2,600,000 (Notes 15 and 36(c)). This interest rate swap received floating interest equal to SIBOR + 2.50% p.a., paid a floating interest equal to 6.60% - (1.5*SIBOR)% p.a., subjected to a minimum of zero. The interest rate swap was settled on 1 April 2012.

No interest rate swap was entered during the financial year ended 31 December 2013.

15. Borrowings

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Bank loans	435	5,446	400	4,087
The borrowings are repayable as follows:-				
Not later than one year	435	5,411	400	4,087
Later than one year but not later than five years	–	35	–	–
	435	5,446	400	4,087
Bank loans comprise:				
Loan 1	200	2,600	200	2,600
Loan 2	–	729	–	–
Loan 3	35	437	–	–
Loan 4	–	193	–	–
Loan 5	–	37	–	37
Loan 6	200	1,450	200	1,450
	435	5,446	400	4,087

Loan 1: The SGD bank loan is covered by a negative pledge over the Company's assets and repayable immediately upon the banker's request. The effective interest rates ranged from 4.62% to 6.50% (2012: 4.40% to 4.62%) per annum. Interest is repriced based on a fixed percentage above cost of funds. The Group has been making monthly repayments of $200,000 from January 2012. The loan was settled in January 2014.

Loan 2: The SGD bank loan is secured by a charge over a subsidiary's assets and covered by a corporate guarantee by the Company. The loan is repayable over 48 monthly installments from August 2009. The effective interest rate is fixed at 5% per annum. The loan was settled in July 2013.

15. Borrowings (cont'd)

Loan 3: The SGD bank loan is covered by joint and several guarantees from certain directors of the Company and a corporate guarantee by the Company. The loan is repayable over 48 monthly installments from February 2010. The effective interest rate is fixed at 5% per annum. The loan was settled in January 2014.

Loan 4: The SGD bank loan is secured by a charge over the plant and equipment of a subsidiary and covered by a corporate guarantee by the Company. The loan is repayable over 36 monthly installments from April 2010. The effective interest rate is fixed at 5.50% per annum. The loan was settled in March 2013.

Loan 5: The SGD bank loan is unsecured and repayable over 36 monthly installments from June 2010. The effective interest rate is fixed at 5.25% per annum. The loan was settled in May 2013.

Loan 6: The SGD bank loan is unsecured and repayable over 12 monthly installments from March 2013. The effective interest rate is fixed at 6.5% per annum. The loan was settled in February 2014.

The carrying amounts of borrowings approximate their respective fair values.

In 2012, the Group has breached a financial covenant for one of its bank loans. The Group did not fulfill the requirement to maintain the gearing ratio of less than 0.5 times for a credit line of $193,000. The credit lines are fully drawn down and presented as current liability at the end of reporting period. The bank is contractually entitled to request for immediate repayment of the outstanding loan amount in the event of breach of covenant. There is no breach of financial covenant in 2013.

16. Finance leases

Group	Minimum lease payments 2013 $'000	Present value of payments 2013 $'000	Minimum lease payments 2012 $'000	Present value of payments 2012 $'000
Not later than one year	212	186	361	293
Later than one year but not later than five years	59	57	325	292
Total minimum lease payments	271	243	686	585
Less: Amounts representing finance charges	(28)	–	(101)	–
Present value of minimum lease payments	243	243	585	585

It is the Group's policy to finance certain of its leasehold improvements, plant and equipment under finance leases. The average lease term is 2 to 4 years (2012: 2 to 4 years). The effective borrowing rates in Singapore range from 2.1% to 4.65% (2012: 2.1% to 4.65%) per annum and 9% to 17% (2012: 9% to 17%) per annum for our medical centre in Jakarta. Interest rates are fixed at the contract date. There is an exposure to fair value interest risk because the interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under finance leases are secured by the lessor's charge over the leased assets of the Group.

The above leases are guaranteed by the Company and/or certain directors of the Company.

17. Provisions

	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Provision for restoration cost:				
At 1 January	1,310	916	692	389
Arose during the financial year	23	569	7	313
Unused amounts reversed	–	(2)	–	–
Used amount	(88)	(173)	–	(10)
At 31 December	1,245	1,310	699	692

A provision for restoration cost is recognised when the Group entered into a lease agreement for premises. It includes the estimated cost of demolishing and removing all the leasehold improvements made by the Group to the premises. The premises shall be reinstated to the condition set up in lease agreements.

18. Share capital

	Group and Company			
	2013		2012	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares:				
At 1 January	407,994	53,093	407,994	53,093
Placement of ordinary shares	51,000	4,223	–	–
Right issue of ordinary shares	114,749	5,508	–	–
Share issuance expense	–	(209)	–	–
At 31 December	573,743	62,615	407,994	53,093

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

19. Other reserves

Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

20. Revenue

	Group 2013 $'000	Group 2012 $'000 (Restated)
Rendering of services	37,856	40,677
Sales of goods	14,724	12,990
Management fee income	237	217
Rental income	645	1,004
	53,462	54,888

21. Interest income

	Group 2013 $'000	Group 2012 $'000
Interest income from loans and receivables	103	149

22. Other income

	Group 2013 $'000	Group 2012 $'000
Other Income	721	211
SEC Grant [a]	54	28
SME Cash Grant [b]	38	–
Gain on disposal of subsidiaries	–	108
Gain on disposal of associates	–	2
Dividend income	113	–
Write back of provision for impairment of doubtful receivables		
- Trade receivables	309	–
- Other receivables	65	–
	1,300	349

(a) The Special Employment Credit (SEC) was introduced in 2011 to provided support for employers to hire older Singaporean workers. During the financial year ended 31 December 2013, the Group received grant income of $54,000 (2012: $28,000) under the Scheme.

(b) Small and medium enterprises (SME) Cash Grant was introduced to help companies offset the high costs which may persist in the business slowdown. During the financial year ended 31 December 2013, the Group received grant income of $38,000 (2012: $Nil) under the scheme.

23. Financial expenses

	Group 2013 $'000	Group 2012 $'000
Interest expenses:		
- Bank loans	140	380
- Obligations under finance leases	45	76
- Interest rate swap	–	299
Total financial expenses	185	755

24. Employee benefits expenses

	Group 2013 $'000	Group 2012 $'000
Salaries and bonuses	32,581	33,701
Central Provident Fund Contribution	1,354	1,419
Other short-term benefits	83	316
	34,018	35,436

25. Other expenses

The following items have been included in arriving at other expenses:

	Group 2013 $'000	Group 2012 $'000
Foreign exchange transaction losses	10	127
Provision for impairment of doubtful receivables		
- Trade receivables	–	516
- Amounts due from associates	–	475
- Other receivables	–	220
Fair value adjustment on financial assets and financial liabilities carried at amortised cost	–	6
Net fair value gain on derivatives	–	(299)
Impairment loss on goodwill	623	–
Impairment loss on investments in associates	–	34
Impairment loss on plant and equipment	335	564
Loss on disposal of plant and equipment	465	454
Audit fees:		
- Auditors of the Company	275	397
- Other auditors	31	29
Non-audit fees		
- Other auditors	22	47
Advertising and marketing expenses	1,956	1,834
Credit cards commission	755	767
Professional fees	381	549

26. Income tax expense and deferred tax

The major components of income tax expense for the years ended 31 December 2013 and 2012 are:

	Group	
	2013	**2012**
	$'000	$'000
Income statement:		
Current income tax		
- Current income taxation	–	225
- Over provision in respect of previous years	(268)	(758)
	(268)	(533)
Deferred income tax		
- Origination and reversal of temporary differences	(108)	(28)
Income tax credit recognised in profit or loss	(376)	(561)

Relationship between tax expense and accounting loss

The reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 December 2013 and 2012 are as follows:

	Group	
	2013	**2012**
	$'000	$'000
		(Restated)
Loss before tax	(11,432)	(12,029)
Tax at the domestic rates applicable to profits in the countries where the Group operates:	(2,134)	(2,076)
Non-deductible expenses	987	1,856
Share of results of associates	(12)	(643)
Effect of tax exemptions	(71)	(26)
Over provision in respect of previous years	(268)	(758)
Income not subject to tax	(147)	(42)
Deferred tax assets not recognised	1,270	1,058
Other items	(1)	70
	(376)	(561)

The above reconciliation is prepared by aggregating separate reconciliation for each national jurisdiction.

Statement of comprehensive income:

	Group	
	2013	**2012**
	$'000	$'000
Deferred tax expense related to other comprehensive income:		
- Net (loss)/gain on fair value changes of available-for-sale financial assets	(100)	97
	(100)	97

26. Income tax expense and deferred tax (cont'd)

Deferred tax as at 31 December relates to the following:

	Group			
	Consolidated balance sheet		Consolidated income statement	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Deferred tax:				
Revaluations to fair value – Available-for-sale financial assets	3	(97)	–	–
Excess of net book value over tax base of plant and equipment	(84)	(192)	(108)	(28)
Total deferred tax liabilities, net	(81)	(289)		
Deferred tax credit			(108)	(28)

Presented in the balance sheet as follows:

	Group	
	2013	2012
	$'000	$'000
Deferred tax liabilities	81	289

Unrecognised tax losses and unabsorbed capital allowances

At the end of reporting period, the Group has tax losses and unabsorbed capital allowances of approximately $30,443,000 (2012: $22,972,000) and $1,402,000 (2012: $1,402,000) that are available for offset against future taxable profits of the companies in which the losses and capital allowances arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses and capital allowances is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Unrecognised temporary differences relating to investments in subsidiaries

At the end of reporting period, no deferred tax liability (2012: $Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised aggregate to $362,000 (2012: $778,000). The deferred tax liability is estimated to be $62,000 (2012: $132,000)

27. Acquisition and disposal of subsidiaries/business units

Acquisition of a subsidiary

On 1 March 2013 (the "acquisition date"), the Group acquired an additional 52% equity interest in its 48% owned associate, The Wellness Lounge Pte Ltd (TWL), a provider of wellness and beauty services and products in Singapore. Upon the acquisition, TWL became a wholly-owned subsidiary of the Group.

The fair value of the identifiable assets and liabilities of TWL as at the date of acquisition were:

	Fair value recognised on acquisition Group 2013 $'000
Cash and cash equivalents	104
Trade and other receivables	16
Inventories	18
Property, plant and equipment	8
	146
Trade and other payables	(3,046)
Total identifiable net liabilities at fair value	(2,900)
Less: Non-cash consideration	2,277
Goodwill arising from acquisition	623
	*

Effect of acquisition of TWL on cash flows

Total consideration for 52% equity interest acquired	2,277
Less: Non cash consideration	(2,277)
Consideration settled in cash	*
Less: Cash and cash equivalent of subsidiary acquired	104
Net cash inflow on acquisition	104

* Denotes less than $1,000

The consideration of Singapore Dollar One (S$1.00) for the 52% equity interest in TWL was paid by the Company on 1 March 2013. The non-cash consideration relates to the write-off of amount due from TWL at the date of acquisition.

Impact of acquisition on profit or loss

From the date of acquisition, TWL has contributed $238,000 of loss to the Group's loss net of tax. If the combination had taken place at the beginning of the financial year, the Group's loss from continuing operations, net of tax would have been $11,123, 000 and revenue from continuing operations would have been $53,509,000.

Goodwill arising on acquisition

An impairment loss of $623,000 (2012: Nil) representing the write-down of goodwill to the recoverable amount was recognised in other expenses (Note 25) line item of the income statement for the financial year ended 31 December 2013.

27. Acquisition and disposal of subsidiaries/business units (cont'd)

Disposal of a subsidiary

On 26 March 2012 the Group entered into a settlement agreement to dispose its 80% equity stake in Health Concepts Ltd for a consideration of $550,120.

The net assets at the date of disposal were as follows:

	Group 2012 $'000
Cash and cash equivalents	310
Trade and other receivables	1,150
Inventories	168
Plant and equipment	126
Trade and other payables	(1,187)
Income tax payable	(15)
Non-controlling interests	(110)
Net assets at date of disposal	442
Cash consideration	550
Cash balance disposed off	(310)
Net cash inflow on disposal of a subsidiary	240

The revenue and net contributions from the subsidiary/business unit disposed off were as follows:

	Group 2012 $'000
Revenue	1,651
Loss for the year	(93)

28. Related party transactions

(a) *Sale and purchase of goods and services*

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	$'000	$'000	$'000	$'000
Director - rental expense	(47)	(47)	–	–
Director related company - agent fees	(14)	(73)	–	–
Associates of the Group:				
- Management fee income	79	97	79	97
- Rental income	194	591	194	503
- Rendering of services	–	2	–	–
- Facility charge	–	(13)	–	–
Other related parties:				
- Management fee income	156	120	156	120
- Rental income	400	402	400	402

(b) *Compensation of key management personnel*

	Group	
	2013	**2012**
	$'000	$'000
Short-term employee benefits	7,388	5,904
Central Provident Fund contributions	39	41
	7,427	5,945
Comprise amounts paid to:		
Directors of the Company	7,195	5,507
Other key management personnel	232	438
	7,427	5,945

28. Related party transactions (cont'd)

(b) *Compensation of key management personnel (cont'd)*

The above amounts are included in the income statement under the line item 'employee benefits expenses'. Included in the above amounts are the following items:

	Group 2013 $'000	Group 2012 $'000
Fees to directors of the Company	246	224
Remuneration of directors of the Company +	6,949	5,283

+ Includes professional fees paid to directors in their capacity as doctors as well as sign-on bonuses of $403,000 charged to the income statement (2012: $403,000)

Further information about the remuneration of individual directors is provided in the report on corporate governance.

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Company and the Group, directly or indirectly.

(c) *Commitments and contingencies*

	Company 2013 $'000	Company 2012 $'000
Financial guarantees given by the Company to banks for loans granted to subsidiaries	35	1,359

In addition to the above, certain directors of the Company and/or subsidiaries have provided guarantees for certain borrowing facilities (Notes 15 and 16).

All the guarantees are provided without charge. Management has estimated the fair value of the financial guarantees based on market rates and the amount is not significant.

29. Contingent liabilities

Except for contingent liabilities disclosed in Note 28(c), there are no other material contingent liabilities for the Group and Company as at 31 December 2013 and 31 December 2012.

30. Capital expenditure commitments

In addition to commitments disclosed elsewhere in the notes, there were the following commitments:

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Estimated amounts committed for future capital expenditure but not provided for in the financial statements	–	246	–	–

31. Operating lease payment commitments

(a) ***Operating lease commitments – as lessee***

Operating lease payments represent rentals payable by the Group for certain of its premises. The lease rental terms are negotiated for terms ranging from one year to five years and rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage. Such increases are not included in the below amounts.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2013 amounted to $8,320,000 (2012: $8,719,000).

Future minimum rental payable under non-cancellable operating leases at the end of reporting period are as follows:

	Group	
	2013	2012
	$'000	$'000
Not later than one year	8,694	7,756
Later than one year but not later than five years	13,688	11,557
	22,382	19,313

(b) ***Operating lease commitments – as lessor***

The Group has entered into leases on its premises. These non-cancellable leases have remaining lease terms of between 1 and 3 years.

Future minimum rental receivable under non-cancellable operating leases at the end of reporting period are as follows:

	Group	
	2013	2012
	$'000	$'000
Not later than one year	279	758
Later than one year but not later than five years	202	550
	481	1,308

32. Earnings per share

The basic and diluted earnings per share are calculated by dividing the Group's loss for the year attributable to owners of the Company of $8,791,000 (2012: $9,333,000) by the weighted average number of shares outstanding of 478,974,766 (2012: 407,994,347).

The diluted earnings per share is the same as the basic earnings per share as there were no dilutive common share equivalents outstanding during the relevant period.

33. Banking facilities

	Group	
	2013	**2012**
	$'000	$'000
Performance guarantee	–	85

34. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has two reportable operating segments as follows:

(a) The dentistry segment operates a network of dental clinics providing a wide range of services including general dental treatment, endodontics, orthodontics, periodontics, prosthodontics, paedodontics, oral surgery, dental implants and aesthetic dentistry.

(b) The medical segment operates specialist clinics offering services ranging from age management, assisted reproduction, cardiology, cosmetic surgery, dermatology, ENT surgery, general and vascular surgery, neurology, obstetrics and gynaecology, ophthalmology, paediatrics and psychiatry. Complementing the specialist healthcare unit of our Medical division is our general practice medical clinics which emphasizes health screening, health maintenance and disease prevention. The Group also operates day surgery centres for performing a range of surgical procedures that do not require overnight care. In addition, the Group has a diagnostic facility that offers an extensive range of high-end specialised medical diagnostic and imaging services.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

34. Segment information (cont'd)

	Dentistry		Medical		Adjustments and eliminations		Notes	Per consolidated financial statements	
	2013	2012	2013	2012	2013	2012		2013	2012
	$'000	$'000	$'000	$'000 (Restated)	$'000	$'000		$'000	$'000 (Restated)
Revenue:									
External customers	16,238	14,299	37,224	40,589	–	–		53,462	54,888
Inter-segment	279	566	10,086	9,811	(10,365)	(10,377)	A	–	–
Total revenue	16,517	14,865	47,310	50,400	(10,365)	(10,377)		53,462	54,888
Results:									
Interest income	–	8	103	141	–	–		103	149
Depreciation	798	831	3,000	3,317	87	320	B	3,885	4,468
Share of profit of associates	–	–	70	3,778	–	–		70	3,778
Impairment loss on goodwill	–	–	–	–	623	–		623	–
Impairment loss on investments in associates	–	–	–	34	–	–		–	34
Impairment loss on plant and equipment	46	32	289	532	–	–		335	564
Other non-cash expenses	(229)	232	305	1,680	(38)	(890)	C	38	1,022
Segment profit/(loss)	295	437	(10,877)	(10,484)	(850)	(1,982)	D	(11,432)	(12,029)
Assets:									
Investment in associates	–	–	2,626	2,556	–	–		2,626	2,556
Additions to non-current assets	131	504	1,341	4,620	–	–	E	1,472	5,124
Segment assets	5,895	6,452	21,492	26,620	1,597	1,297	F	28,984	34,369
Segment liabilities	3,621	3,822	20,345	18,081	4,552	10,243	G	28,518	32,146

34. Segment information (cont'd)

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

B Unallocated depreciation is included in the adjustments to arrive at "Depreciation of property, plant and equipment" presented in the respective notes to the financial statements.

C Other non-cash expenses consist of provisions and impairment of financial assets as presented in the respective notes to the financial statements.

D The following items are added to segment loss to arrive at "Loss before tax" presented in the consolidated income statement:

	2013 $'000	**2012** $'000
Finance costs	(185)	(755)
Unallocated corporate expenses	(627)	(447)
Gain on disposal of subsidiaries/business units	–	108
Gain on disposal of associates	–	2
Other non-cash expenses	(38)	(890)
	(850)	(1,982)

E Additions to non-current assets consist of additions to property, plant and equipment.

F The following items are added to segment assets to arrive at total assets reported in the consolidated balance sheet:

	2013 $'000	**2012** $'000
Cash and bank balances	1,063	368
Other receivables	95	390
Other assets	202	247
Other investment	120	120
Property, plant and equipment	117	172
	1,597	1,297

G The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	2013 $'000	**2012** $'000
Deferred tax liabilities	81	192
Income tax payable	34	212
Borrowings	435	5,446
Finance leases	243	585
Other payable - For purchase of investments	2,123	2,123
Provision for restoration cost	699	692
Other payables	824	797
Others	113	196
	4,552	10,243

34. Segmental information (cont'd)

Geographical information

Revenue and non-current assets information based on the geographical location in which the services are rendered respectively are as follows:

	Revenues		Non-current assets	
	2013	**2012**	**2013**	**2012**
	$'000	$'000 (Restated)	$'000	$'000
Singapore	48,782	48,966	10,506	12,508
Overseas	4,680	5,922	2,745	4,885
	53,462	54,888	13,251	17,393

Non-current assets information presented above consist of property, plant and equipment and other assets as presented in the consolidated balance sheet.

35. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk and liquidity risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Deputy CEO, Senior Finance Manager and Head of Credit Control. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks, except as disclosed below.

(a) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

35. Financial risk management objectives and policies (cont'd)

(a) ***Credit risk (cont'd)***

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy corporate customers. It is the Group's policy that all corporate customers who wish to trade on credit terms are subject to credit verification procedures. Any credit terms granted to private customers must be justified and the approval of the Head of Department ("HOD") or Business Entity Head ("BEH") is required. In addition, receivable balances are monitored on an ongoing basis with the results that the Group's exposure to bad debts is not significant.

In addition, the Group may enter into agreements with various parties to acquire or dispose assets and businesses. The arrangement may result in amounts due which are classified under Other Receivables. As part of the Group's due diligence process, an assessment is made to determine whether these other receivables are recoverable based on the financial standing and creditworthiness of the parties involved. The Group may also grant advances to doctors. These advances would be monitored on an ongoing basis.

Exposure to credit risk

At the end of reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the balance sheets;
- a nominal amount of $35,000 (2012: $1,359,000) relating to a corporate guarantee provided by the Company to banks on subsidiaries' bank loans.

Credit risk concentration profile

The Group has no significant concentrations of credit risk.

At the end of reporting period, approximately:

- 27% (2012: 30%) of the Group's trade receivables were due from 5 major corporate customers of the Group.
- 5% (2012: 11%) of the Group's trade and other receivables were due from related parties while almost all of the Company's receivables were balances with related parties.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

35. Financial risk management objectives and policies (cont'd)

(a) *Credit risk (cont'd)*

Financial assets that are either past due or impaired

The management is of the opinion that the other receivables that are past due but not impaired are recoverable as they are transactions with high credit rated counterparties. In addition, the Group has built in more steps to ensure recoverability.

Information regarding financial assets that are either past due or impaired is disclosed in Note 5 (Trade and other receivables).

(b) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient liquid financial assets and stand by credit facilities to meet its liquidity requirements in the short and longer term.

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of reporting period based on the contractual undiscounted repayment obligations.

	2013			2012		
	1 year or less	**1 to 5 years**	**Total**	**1 year or less**	**1 to 5 years**	**Total**
	$'000	$'000	$'000	$'000 (Restated)	$'000 (Restated)	$'000 (Restated)
Group						
Financial assets:						
Trade and other receivables	5,332	–	5,332	5,030	–	5,030
Cash and bank balances	4,149	–	4,149	5,218	–	5,218
Total undiscounted financial assets	9,481	–	9,481	10,248	–	10,248
Financial liabilities:						
Trade and other payables	18,818	800	19,618	19,813	–	19,813
Accrued liabilities	1,488	–	1,488	1,350	–	1,350
Borrowings	437	–	437	5,545	35	5,580
Finance leases	212	59	271	361	325	686
Total undiscounted financial liabilities	20,955	859	21,814	27,069	360	27,429
Total net undiscounted financial liabilities	(11,474)	(859)	(12,333)	(16,821)	(360)	(17,181)

35. Financial risk management objectives and policies (cont'd)

(b) ***Liquidity risk (cont'd)***

	2013 1 year or less $'000	2013 1 to 5 years $'000	2013 Total $'000	2012 1 year or less $'000	2012 1 to 5 years $'000	2012 Total $'000
Company						
Financial assets:						
Trade and other receivables	11,312	–	11,312	12,751	–	12,751
Cash and bank balances	1,063	–	1,063	368	–	368
Total undiscounted financial assets	12,375	–	12,375	13,119	–	13,119
Financial liabilities:						
Trade and other payables	14,887	–	14,887	15,113	–	15,113
Accrued liabilities	288	–	288	312	–	312
Borrowings	402	–	402	4,194	–	4,194
Total undiscounted financial liabilities	15,577	–	15,577	19,619	–	19,619
Total net undiscounted financial liabilities	(3,202)	–	(3,202)	(6,500)	–	(6,500)

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	2013 1 year or less $'000	2013 1 to 5 years $'000	2013 Total $'000	2012 1 year or less $'000	2012 1 to 5 years $'000	2012 Total $'000
Company						
Financial guarantees	35	–	35	1,324	35	1,359

36. Fair value of assets and liabilities

a) Fair value hierarchy

The Group categories fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset of liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group 2013 $'000			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant observable inputs other than quoted prices** (Level 2)	**Significant unobservable inputs** (Level 3)	**Total**
Recurring fair value measurement				
Financial assets:				
Available-for-sale financial assets (Note 10)				
- Equity securities (quoted)	60	–	–	60
At 31 December 2013	60	–	–	60

36. Fair value of assets and liabilities (cont'd)

b) Assets and liabilities measured at fair value (cont'd)

	Group 2012 $'000			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant observable inputs other than quoted prices** (Level 2)	**Significant unobservable inputs** (Level 3)	**Total**
Recurring fair value measurement				
Financial assets:				
Available-for-sale financial assets (Note 10)				
- Equity securities (quoted)	434	–	–	434
At 31 December 2012	434	–	–	434

Determination of fair value

Quoted equity securities (Note 10): Fair value is determined by direct reference to their bid price quotations in an active market at the end of the reporting period.

c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Current trade and other receivables and payables (Notes 5 and 12), Accrued liabilities (Note 13), and Current borrowings and Non-current borrowings at floating rates (Note 15)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of reporting period.

36. Fair value of assets and liabilities (cont'd)

d) Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table shows an analysis of the Group's assets and liabilities not measured at fair value at 31 December 2013 but for which fair value is disclosed:

	Group 2013 $'000				
	Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical instruments (Level 1)	**Significant observable inputs other than quoted prices** (Level 2)	**Significant unobservable inputs** (Level 3)	**Total**	**Carrying amount**
Financial liabilities:					
Amount due to director	–	–	(643)	(643)	(800)
Finance leases	–	–	(225)	(225)	(243)

e) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

		Group				Company			
		2013 $'000		2012 $'000		2013 $'000		2012 $'000	
	Note	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets:									
Available-for-sale financial assets									
- Other investments (unquoted, at cost)	10	120	*	120	*	360	*	360	*
Financial liabilities:									
Amount due to director	12	(800)	(643)	–	–	–	–	–	–
Finance leases	16	(243)	(225)	(585)	(544)	–	–	–	–
Fixed rate bank loans	15	–	–	(35)	(33)	–	–	–	–

** Other investments (unquoted, at cost) (Note 10)*

36. Fair value of assets and liabilities (cont'd)

e) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value (cont'd)

Fair value information has not been disclosed for the Group's other investments (unquoted) that are carried at cost because fair value cannot be measured reliably. These investments are not quoted on any market and do not have any comparable industry peers that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant. Consequently it is carried at cost less allowance for impairment. The Group does not intend to dispose of these investments in the foreseeable future.

Finance leases (Note 16) and fixed rate bank loans (Note 15)

The fair values as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of reporting period.

37. Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings. No changes were made in the objectives, policies or processes during the years ended 31 December 2013 and 31 December 2012.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, other liabilities, less cash and cash equivalents. Capital includes equity attributable to the owners of the Company plus net debt.

	Group	
	2013	**2012**
	$'000	$'000 (Restated)
Net debt	23,009	25,117
Equity attributable to the owners of the Company	3,822	3,434
Total capital	26,831	28,551
Gearing ratio	86%	88%

38. Prior year restatement

The Group's prior year numbers were restated due to an error in the accounting of revenue for unutilised service packages in the China operations. The restatement were made to align the revenue recognition in accordance with Singapore Financial Reporting Standards. The effects on restatement are as follows:

	Group Increase/(Decrease) Balance Sheet		
	2013	**2012**	**1.1.2012**
	$'000	$'000	$'000
Deferred revenue	4,002	2,692	2,101
Retained earnings	(1,418)	(1,050)	–
Non-controlling interests	(1,904)	(1,281)	998
Translation reserve	(98)	6	(53)

	Group Increase/(Decrease) Consolidated Income Statement	
	2013	**2012**
	$'000	$'000
Revenue	(1,111)	(703)
Net loss after tax	1,111	703
Attributable to:		
- Owners of the Company	582	367
- Non-controlling interest	529	336
Loss per share attribute to owners of the Company (cents per share)		
- Basic	(0.12)	(0.09)
- Diluted	(0.12)	(0.09)

39. Events occurring after the end of reporting period

Subsequent to year end, the Group entered into the following transactions:

(a) On 15 January 2014, a Director-related company, Entrust Healthcare Pte. Ltd. ("Entrust") extended to the Company a loan of an aggregate of S$525,000. This loan is non-interest bearing and will be payable over 5 years from January 2015 on a fixed monthly instalments of S$8,750.

(b) On 3 March 2014, the Group acquired additional 20% in two of its other investments, Pacific Healthcare Nursing Home Pte Ltd("PHNH") and Pacific Eldercare and Nursing Pte Ltd ("PEN") at a total cash consideration of Singapore Dollar One Million Two Hundred Thousand (S$1,200,000). Consequent to the acquisition, both PHNH and PEN have become associates of the Group.

(c) On 14 March 2014, the associate of the Group, Synergy Healthcare Investments Pte Ltd completed its voluntary liquidation.

(d) On 31 March 2014, the wholly owned subsidiary, Pacific Healthcare (Indonesia) Pte Ltd ("PHI") signed a Debt-to-Equity Swap agreement with its subsidiary, PT Pacific Healthcare Services Indonesia ("PHSI") and its minority shareholders, PT Plaza Medical Nusantara ("PMN").

    PHI and PMN each hold accounts receivables against PHSI amounting to S$2,118,052 and S$2,034,992 respectively. These receivables will be converted into 2,021,710 and 1,942,427 issued and paid-up share capital in PHSI for PHI and PMN respectively. Upon conversion, PHI and PMN will retain their respective equity interest of 51% and 49% in PHSI.

    As at that date, PHI proposed to enter into a Sale and Purchase Agreement with PMN to acquire an additional 16% of the issued and paid-up share capital in PHSI that it does not own. This will take its shareholding in PHSI up from 51% to the maximum allowable 67%.

40. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the directors on 9 April 2014.

STATISTICS OF SHAREHOLDINGS

AS AT 17 MARCH 2014

The information of Class of Shares, Voting Rights attaching to each class and treasury are as follows:

Class of Shares	:	Ordinary Shares
Voting Rights	:	One Vote per Share
Number of Treasury Shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	128	8.52	7,457	0.00
1,000 - 10,000	647	43.08	2,332,023	0.41
10,001 - 1,000,000	683	45.47	65,372,243	11.39
1,000,001 AND ABOVE	44	2.93	506,031,210	88.20
TOTAL	**1,502**	**100.00**	**573,742,933**	**100.00**

TWENTY LARGEST SHAREHOLDERS

	NAME	NO. OF SHARES	%
1.	HSBC (SINGAPORE) NOMINEES PTE LTD	155,328,802	27.07
2.	VALUECARE LIMITED	128,579,692	22.41
3.	RADIANCE INVESTMENT PTE LTD	72,117,379	12.57
4.	PACIFIC INVESTMENTS PTE LTD	35,919,000	6.26
5.	SING INVESTMENTS & FINANCE NOMINEES (PTE) LTD	15,000,000	2.61
6.	MARTIN HUANG HSIANG SHUI	11,952,180	2.08
7.	TAI HUI ENG	7,000,000	1.22
8.	ANN TAN SIAN ANN	6,758,750	1.18
9.	SANDRA AYE AYE HAN CHU	5,414,667	0.94
10.	TAY TZE HSIN MARC	5,365,733	0.94
11.	CITIBANK NOMINEES SINGAPORE PTE LTD	4,948,750	0.86
12.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	4,213,500	0.73
13.	TAN KEE SENG IAN	4,171,250	0.73
14.	KONG CHEE SENG	2,700,000	0.47
15.	TAI PEE TAH	2,508,000	0.44
16.	TEXWELL INDUSTRIES PTE LTD	2,441,000	0.43
17.	CHONG AI-LEI IRIS	2,335,280	0.41
18.	NG CHEOW BOO	2,117,000	0.37
19.	NG HIAN CHOW	2,100,000	0.37
20.	WONG HAN YEW	2,000,000	0.35
	TOTAL	**472,970,983**	**82.44**

STATISTICS OF SHAREHOLDINGS

AS AT 17 MARCH 2014

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	No. of Shares Direct	No. of Shares Deemed	Total	%
Chong Lai Leong William	1,000,684	53,741,000[1]	54,741,684	9.54
Pacific Investments Pte. Ltd.	35,919,000	-	35,919,000	6.25
Valuecare Limited	128,579,692	-	128,579,692	22.41
Al-Faiz Fund I Limited	-	128,579,692[2]	128,579,692	22.41
Affluent Healthcare Holdings Pte. Ltd.	-	147,033,802[3]	147,033,802	25.63
Sri Widati Ernawan Putri	-	147,033,802[4]	147,033,802	25.63
Radiance Investment Pte. Ltd.	72,117,379	-	72,117,379	12.57
Pang Yoke Min	-	72,117,379[5]	72,117,379	12.57

Notes:

(1) The deemed interest in 53,741,000 shares includes:

i. 35,919,000 shares held by Pacific Investments Pte Ltd (wholly owned by Chong Lai Leong William);
ii. 15,000,000 Shares held through Sing Investments & Finance Nominees (Pte.) Ltd; and
iii. 2,822,000 shares held though United Overseas Bank Nominees (Pte) Ltd.

(2) Deemed to be interested in the 128,579,692 Shares held by Valuecare Limited.

(3) The 147,033,802 Shares are held through HSBC (Singapore) Nominees Pte. Ltd.

(4) Affluent Healthcare Holdings Pte. Ltd. is 100% owned by Sri Widati Ernawan Putri.

(5) Radiance Investment Pte. Ltd. is 100% owned by Mr Pang Yoke Min.

Shareholdings Held in the Hands of Public

Based on the information provided, to the best knowledge of the Directors and the substantial shareholders of the Company, 25.95% of the issued ordinary shares of the Company was held in the hands of the public as at 17 March 2014. The Company did not hold any treasury shares as at 17 March 2014.

Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at The Elizabeth Hotel, Windsor I & II, Level 2, 24 Mount Elizabeth, Singapore 228518 on 29 April 2014 at 11.30 a.m. for the following purposes:

As Ordinary Business

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2013 and the Reports of the Directors and the Auditors thereon. **(Resolution 1)**

2. To re-elect Dr Chong Lai Leong, William who is retiring by rotation pursuant to Article 91 of the Company's Articles of Association. **(Resolution 2)**

3. To re-elect Mr Lew Oon Yew who is retiring by rotation pursuant to Article 91 of the Company's Articles of Association. *[See Explanatory Note 1]* **(Resolution 3)**

4. To re-elect Dr Huang Hsiang Shui, Martin who is retiring by rotation pursuant to Article 91 of the Company's Articles of Association. **(Resolution 4)**

5. To re-elect Mr Pang Yoke Min who is retiring pursuant to Article 97 of the Company's Articles of Association. **(Resolution 5)**

6. To re-elect Mr Lien Kait Long who is retiring pursuant to Article 97 of the Company's Articles of Association. **(Resolution 6)**

7. To approve the payment of Directors' fees of S$174,000 for the financial year ending 31 December 2014 quarterly in arrears. **(Resolution 7)**

8. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

As Special Business

To consider and, if thought fit, to pass the following as Ordinary Resolutions, with or without modifications:

9. **Share Issue Mandate**

"That pursuant to Section 161 of the Companies Act, Chapter 50 and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") and notwithstanding the provisions of the Articles of Association of the Company, authority be and is hereby given to the Directors of the Company to:

I (i) issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or

(ii) make or grant offers, agreements or options (collectively, "instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

II (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any instrument made or granted by the Directors while this Resolution was in force, provided that:

(a) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) does not exceed 50% of the Company's total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) does not exceed 20% of the Company's total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (b) below);

and, unless revoked or varied by the Company in general meeting, such authority specified in (a) shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

(b) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the total number of issued shares excluding treasury shares is based on the Company's total number of issued shares excluding treasury shares at the time of the passing of this Resolution, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities;

(ii) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares;

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company."
[See Explanatory Note 2] **(Resolution 9)**

10. **Authority to allot and issue shares pursuant to the Pacific Healthcare Employee Share Option Scheme (the "Scheme")**

"That the Directors of the Company be and are hereby authorised pursuant to Section 161 of the Companies Act, Cap. 50 to allot and issue shares in the capital of the Company to all the holders of options granted by the Company, whether granted during the subsistence of this authority or otherwise, under the Scheme, upon the exercise of such options and in accordance with the terms and conditions of the Scheme, provided always that the aggregate number of additional shares to be issued and allotted pursuant to the said Scheme shall be in accordance with the Scheme."
[See Explanatory Note 3] **(Resolution 10)**

11. To transact any other business that may properly be transacted at an Annual General Meeting.

By Order of the Board

Teo Meng Keong
Company Secretary

Singapore
14 April 2014

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint one or two proxies to attend in his stead. A proxy need not be a member of the Company.

2. A member of the Company which is a corporate is entitled to appoint its authorised representatives or proxies to vote on its behalf.

3. The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for holding the Annual General Meeting.

Explanatory Notes:

(1) **Resolution 3**

Mr Lew Oon Yew will, upon re-election as a Director of the Company, remains as the Chairman of the Board.

(2) **Resolution 9**

This is to empower the Directors to issue shares in the capital of the Company and/or instruments (as defined above). The aggregate number of shares to be issued pursuant to Resolution 9 (including shares to be issued in pursuance of instruments made or granted) shall not exceed 50% of the Company's total number of issued shares excluding treasury shares, with a sub-limit of 20% of the Company's total number of issued shares excluding treasury shares, for shares issued other than on a pro rata basis (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) to shareholders of the Company. For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares excluding treasury shares is based on the Company's total number of issued shares excluding treasury shares at the time of the passing of Resolution 9, after adjusting for

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of Resolution 9, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of shares.

(3) **Resolution 10**

This is to authorise the Directors to offer and grant options in accordance with the provisions of the Scheme and to allot and issue shares under the Scheme up to an amount not exceeding 15% of the Company's total number of issued shares excluding treasury shares from time to time.

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PROXY FORM

PACIFIC HEALTHCARE HOLDINGS LTD.

(Incorporated in the Republic of Singapore
– Company Registration No. 200100544H)

Important :

1. For investors who have used their CPF monies to buy PACIFIC HEALTHCARE HOLDINGS LTD. shares, this Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely For Information Only.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

I/We, ____ (name) of ____

____ (address) being a member/members of Pacific Healthcare Holdings Ltd. (the "Company"), hereby appoint :

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

or failing him/her, the Chairman of the Annual General Meeting, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held at The Elizabeth Hotel, Windsor I & II, Level 2, 24 Mount Elizabeth, Singapore 228518 on 29 April 2014 at 11.30 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

	ORDINARY BUSINESS	For	Against
Resolution 1	To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2013 and the Reports of the Directors and the Auditors thereon		
Resolution 2	To re-elect Dr Chong Lai Leong, William as a Director of the Company		
Resolution 3	To re-elect Mr Lew Oon Yew as a Director of the Company		
Resolution 4	To re-elect Dr Huang Hsiang Shui, Martin as a Director of the Company		
Resolution 5	To re-elect Mr Pang Yoke Min as a Director of the Company		
Resolution 6	To re-elect Mr Lien Kait Long as a Director of the Company		
Resolution 7	To approve payment of Directors' Fees for financial year ending 31 December 2014 quarterly in arrears.		
Resolution 8	To re-appoint Messrs Ernst & Young LLP as auditors and authorise the Directors to fix their remuneration.		
	SPECIAL BUSINESS		
	Ordinary Resolutions:		
Resolution 9	To approve Share Issue Mandate.		
Resolution 10	To authorise the Directors to offer and grant options and to issue shares pursuant to the Pacific Healthcare Employee Share Option Scheme.		

Date this ________ day of ________________ 2014

Total Number of Shares held in :	
CDP Register	
Register of Members	

____
Signature(s) of members(s) or Common Seal

NOTES:

IMPORTANT

1. Please insert the total number of Shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend and vote at a general meeting of the Company is entitled to appoint one or, if he/she holds two or more shares, two proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the member must specify the proportion of shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry 100 per cent of the shareholdings of his/its appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.

4. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, not less than 48 hours before the time set for the general meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the general meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PACIFIC
HEALTHCARE
HOLDINGS

PACIFIC HEALTHCARE HOLDINGS LTD.
Registration No. 200100544H

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#19-01 Paragon Singapore 238859
www.pachealthholdings.com