YOUR **HEALTH** OUR **PRIORITY**

ANNUAL REPORT 2014

PACIFIC
HEALTHCARE
HOLDINGS

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

Corporate Profile

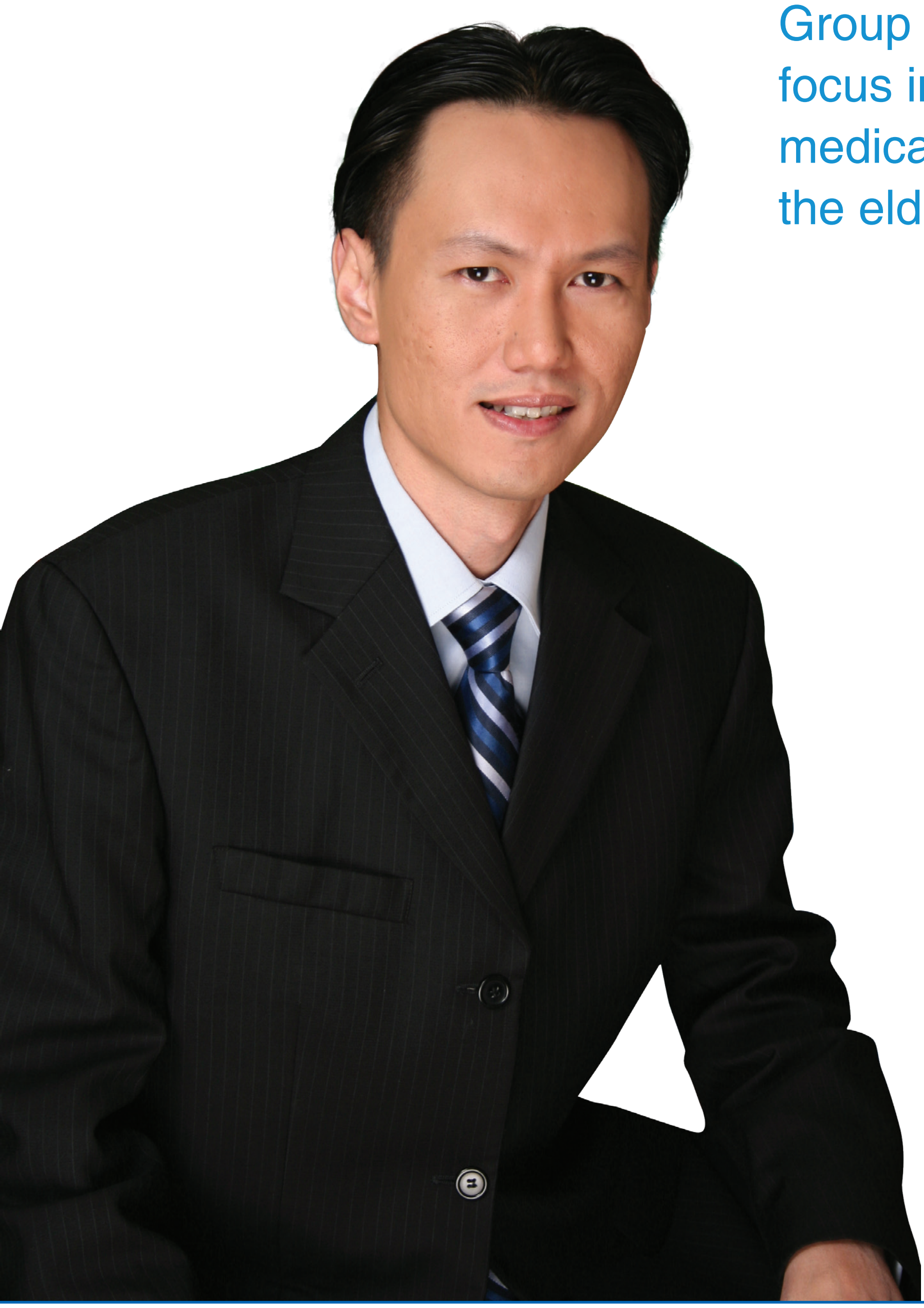
PACIFIC HEALTHCARE is an integrated healthcare provider offering a comprehensive range of services in specialist medical care, dentistry and general practice medicine. We also operate a day surgery centre, a diagnostic imaging facility and nursing homes. Our main facilities occupy four entire levels 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.

Chairman's Statement



"2014 was a transformative year for Pacific Healthcare. The Group decided to strategically focus in its home market on the medical services business and the eldercare segment."

Chairman's Statement

REVIEW OF 2014

Group revenue in 2014 was flat at S$53 million. With better cost control, the Group was able to report lower pretax losses of S$3.7 million versus S$11.4 million in 2013.

2014 was a transformative year for Pacific Healthcare. The Group decided to strategically focus in its home market on the medical services business and the eldercare segment, whilst divesting the medical facilities businesses and overseas operations.

Over the past year, the Group raised its equity interest in Pacific Healthcare Nursing Home Pte Ltd to 51% from 15%, making it a subsidiary of the Group.

The Group announced the divestment of the imaging, day surgery and its Indonesian operations in January 2015.

LOOKING AHEAD

The proposed divestment of the three loss-making businesses in January 2015 would help strengthen the Group's working capital and balance sheet.

The Group intends to consolidate the medical services business which will enable the Group to achieve better space and staff utilization, improve intra-company referrals, enhance targeted marketing and generate higher revenue intensity.

The acquisitions of the nursing home business have added new, stable sources of profits and cash flow to the Group.

Lew Oon Yew
Chairman

Board of Directors

MR LEW OON YEW
Non-Independent
Non-Executive Chairman

MR HUDSON CHUA JAIN
Lead Independent 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 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 PANG WEI KUAN, JAMES
Alternate Director to Mr Pang Yoke Min

Board of Directors

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 MR HUDSON CHUA JAIN

Lead Independent Director

Mr Hudson Chua Jain is our Lead Independent Director and also a partner of Crowe Horwath and Hii & Lee 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.

3 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 goods, 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.

4 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.

5 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 areas 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.

6 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. He also 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.

Board of Directors

7 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 of the Company.

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 (Hons) in Construction Management and University of Reading with an MSc in Real Estate (Finance & Economics).

8 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 to 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.

9 MR PANG WEI KUAN, JAMES

Alternate Director to Mr Pang Yoke Min

Mr Pang Wei Kuan, James 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.

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:
29 April 2014

Length of Service as a Director (as at 31 December 2014):
3 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 2012 to 31 December 2014):
Nil

2 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 2014):
3 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
- Hii & Lee Malaysia

Past principal directorships/ chairmanship held over the preceding 3 years in other listed companies (from 1 January 2012 to 31 December 2014):
Nil

3 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:
29 April 2014

Length of Service as a Director (as at 31 December 2014):
1 year 3 months

Board Committee(s) served on:
Nil

Present directorship/chairmanship in other listed companies:
- China Enterprises Ltd [OTC USA]
- China Jishan Holdings Ltd (Lead Independent Director and Chairman of Audit and Risk Committee and Nominating Committee)
- Hanwell Holdings Ltd (Independent Director and Chairman of Nominating Committee)
- Falcon Energy Group Ltd (Lead Independent Director and Chairman of Audit Committee)
- Tat Seng Packaging Group Ltd (Independent Director and Chairman of Audit Committee)
- Viking Offshore and Marine Ltd (Independent Director and Chairman of Audit Committee)
- 8Telecom International Holdings Co. Ltd (Lead Independent Director and Chairman of Audit Committee)
- IPC Corporation Ltd (Independent Director)
- Renewable Energy Asia Group Ltd (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 2012 to 31 December 2014):
- Intraco Ltd (Non-Executive Director)
- CMZ Ltd (Lead Independent Director and Chairman of Audit Committee)
- Youyue International Ltd (Independent Director and Chairman of Audit Committee and Remuneration Committee)

4 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:
29 April 2014

Length of Service as a Director (as at 31 December 2014):
1 year 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 2012 to 31 December 2014):
Nil

5 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 2014):
2 years 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 Ltd

Past principal directorships/ chairmanship held over the preceding 3 years in other listed companies (from 1 January 2012 to 31 December 2014):
Nil

6 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 2014):
3 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 2012 to 31 December 2014):
Nil

7 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 2014):
2 years 5 months

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

Present directorship/chairmanship in other listed companies:
Nil

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

- Ace Medical Services Pte Ltd
- Balmoral Chiro Centre Pte Ltd
- Chiropractic Centre Pte Ltd
- Leisure Empire Pte Ltd
- Ang Mo Kio Wellness Chiro Pte Ltd
- Spa Republic Pte Ltd
- Spinal Rehab Centre Pte Ltd

Past principal directorships/ chairmanship held over the preceding 3 years in other listed companies (from 1 January 2012 to 31 December 2014):
Oceanus Group Ltd
(Independent Director)
(Ceased w.e.f 30 June 2014)

Further Information on Board of Directors

8 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 2014):
2 years 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):
- Alzheimer's Disease Association, Singapore (Member of Honorary Treasurer and Management Committee)

Past principal directorships/ chairmanship held over the preceding 3 years in other listed companies (from 1 January 2012 to 31 December 2014):
Nil

9 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 2014):
1 year 3 months

Board Committee(s) served on:
Nil

Present directorship/chairmanship in other listed companies:
Nil

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

Past principal directorships/ chairmanship held over the preceding 3 years in other listed companies (from 1 January 2012 to 31 December 2014):
Nil

Note:
Except for Mr Pang Yoke Min and Mr Pang Wei Kuan, James'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

Operations Review

The Company took several key decisions in 2014 to transform itself into a “pure” services provider in both the medical services and eldercare sectors, and to focus on its home market in Singapore. The decision was taken to divest its medical facilities and to sell and /or close its overseas operations.

REVENUE & PROFITABILITY

Group revenue was unchanged at S$53 million versus 2013. Revenue from the dentistry segment was down 17%, while revenue from the medical segment was up by 7% as compared to the previous financial year.

Overall operating expenses were reduced by 5% due to tighter cost controls in all areas including consumables and salaries, which were down by 5% and 4% respectively.

The Group reported a pretax loss of S$3.7 million, an improvement of 68% over the previous year.

The Group reported a net loss attributable to owners of the company of S$2.5 million, an improvement by 71% from the previous year.

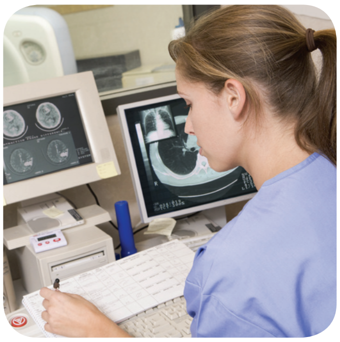
BALANCE SHEET

As at December 2014, the Group's cash and bank balance stood at S$2.7 million, as compared to S$4.1 million in the previous year. The Group had current assets of S$11.4 million. As part of its turnaround plan, it had entered into sale and purchase agreements to dispose of three loss-making businesses in early 2015.

As at 31 December 2014, the Group had current liabilities of S$16.3 million, down from S$26.3 million in 2013. Total liabilities stood at S$21.4 million, down S$7.1 million from the previous year.

STRATEGIC AND OPERATIONAL RE-DIRECTION

On completion of the strategic transformation, the Company will operate medical and dental services at Paragon on Orchard Road, and own and operate 523 nursing home beds with bed utilization of above 80%.



Medical Excellence

To offer quality medical care of the highest standards

Corporate Information

DIRECTORS

Mr Lew Oon Yew
Non-Independent Non-Executive Chairman
Mr Hudson Chua Jain
Lead Independent 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 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 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: Mrs Lim Siew Koon
(with effect from financial year ended
31 December 2014)

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. Where there are deviations from the Code, appropriate explanations are provided.

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 personnel, 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 level, 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 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: 6	No. of Meetings held: 4	No. of Meetings held: 1	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	5	3	NA	NA
Mr Lien Kait Long	6	NA	NA	NA
Mr Pang Yoke Min	6	NA	NA	NA
Mr Chong Fook Choy, Christopher	4	2	1	1
Mr Hudson Chua Jain	6	4	NA	1
Mr Goh Kok Liang	6	NA	1	1
Ms Yeo Su-Lynn	6	4	1	NA
Mr Wu Chin Loong, Paul	5	NA	NA	NA
Dr Chong Lai Leong, William [Note 1]	3	NA	NA	NA
Dr Huang Hsiang Shui, Martin [Note 2]	0	NA	NA	NA

NA: Not Applicable

Note:

1. Dr Chong Lai Leong, William resigned as the Director of the Company w.e.f. 10 July 2014.
2. Dr Huang Hsiang Shui, Martin retired on 29 April 2014.

Training for Directors

Directors with no previous Board experience have to undergo orientation and training programme 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 consultants. During the year, the Directors received updates on regulatory changes to the Listing Rules, 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 (in writing or disseminated by way of briefings, presentations and/or handouts).

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. Mr Hudson Chua Jain — Lead Independent Director
6. Mr Chong Fook Choy, Christopher — Independent Non-Executive Director
7. Mr Goh Kok Liang — Independent Non-Executive Director
8. Ms Yeo Su-Lynn — Independent Non-Executive Director
9. Mr Pang Wei Kuan, James — Alternate Director to Mr Pang Yoke Min

Currently, the Board comprises 8 Directors, 4 of whom are Independent Directors. Therefore, there is a strong and independent element in the Board and the requirement of the Code that the independent director must be made up at least 1/3 of the Board is satisfied. Guideline 2.2 of the Code which requires that the independent director to make up at least half of the Board in view that Chairman is not an independent director is also satisfied.

In order to strengthen the independence of the Board, Mr Hudson Chua Jain has been appointed as the Lead Independent Director. Mr Hudson Chua Jain will be available to shareholders where they have concerns and for which contact through normal channels of the Chairman, the CEO or the Senior Finance Manager has failed to resolve or is inappropriate.

All Independent Directors, 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 them have served on the Board beyond nine years from the date of his/her 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 of 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, review the performance of and to extend guidance to the Management. The Non-Executive Directors have been actively participating in discussions and decision-making at the Board level and had open discussions with the Management. Where necessary, the Non-Executive Directors meet and discuss on the Group's affairs without the presence of 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 CEO is Mr Wong Yee Kong, Andrew. The Chairman and the 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 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 CEO is responsible for 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 key management personnel.

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

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 company 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 FY2014, 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.

There was no additional Director appointed during the year. The NC reviews the need for appointment of additional Director(s) from time to time. 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 qualification 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 Chong Fook Choy, Christopher, Mr Hudson Chua Jain and Ms Yeo Su-Lynn 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 or his representative attends all Board meetings and 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; and
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, CEO and all key management personnel whose annual remuneration exceeds S$250,000. 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 key management personnel whose annual remuneration exceeds S$250,000 shall be reviewed by the RC.

The RC will also review the Company's obligations arising in the event of termination of the Executive 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 RC ensures that the level and structure of remuneration of the Executive Directors and key management personnel are aligned with the long-term interest and risk policies of the Company, as well as the ability of such remuneration structures to attract, retain and motivate Executive Directors and key management personnel to provide good stewardship and management of the Company.

During the financial year all the Executive Directors had resigned from the Group and the CEO is responsible for the day-to-day operation of the Group. The service contract with the CEO commenced on 8 January 2014 with automatic renewal annually. The CEO or the Company may terminate the service agreement by giving to the other party not less than two months' notice in writing, or in lieu of notice, payment of an amount equivalent to two months' salary based on the CEO'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 and the CEO for the year ended 31 December 2014 are as follows:

Name	Remuneration (S$)	Salary (%)	Bonus (%)	Directors' Fee (%)	Professional Fees (%)	Total (%)
S$500,000 and above						
Dr Chong Lai Leong, William (i)	–	2%	5%		93%	100%
Dr Huang Hsiang Shui, Martin(ii)	–	2%	8%		90%	100%
Below S$500,000 to above S$250,000						
Mr Wong Yee Kong, Andrew (iii)	–	100%				100%
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:

(i) Dr Chong Lai Leong, William resigned as the Director of the Company w.e.f. 10 July 2014.
(ii) Dr Huang Hsiang Shui, Martin retired on 29 April 2014.
(iii) Mr Wong Yee Kong, Andrew had been appointed as the Deputy CEO of the Company on 8 January 2014 and CEO of the Company on 12 May 2014.

The Board is of the view that the disclosure of remuneration of each Executive Directors, 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 three key management personnel of the Company (excluding the CEO) for the financial year ended 31 December 2014 is S$497,000.

There are no termination, retirement and post-employment benefits granted to the Director, CEO, and top three 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 2014.

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 Board is primarily responsible to present a fair and balanced report of the financial affairs of the Group, which is prepared in accordance with the Companies Act (Chapter 50) of Singapore and the Singapore Financial Reporting Standards prescribed by the Accounting and Standards Council.

The financial performance and annual reports are announced or issued within the mandatory period of the Listing Rules and are available on the Company's website. The Board also provides negative assurance statement to shareholders 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 as the Board may require from time to time. This enables the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

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

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 CEO and Senior Finance Manager that the Group's financial records as at 31 December 2014 have been properly maintained and the financial statements for the financial year ended 31 December 2014 give a true and fair view of the Company's operations and finances and the Company's risk management and effective internal control systems.

The external and internal auditors have 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 as at 31 December 2014.

Principle 12: Audit Committee

The AC comprises 4 members, a majority of whom, including the AC Chairman, 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 auditors the 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 2014 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.
- the internal and external audit plans in terms of their scope of audit prior to their commencement of their annual audit.
- the 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.
- the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls and reported to the Board.
- the adequacy and effectiveness of the Group's internal audit function.
- the external audit fees for the financial year ended 31 December 2014 and recommended to the Board for approval.
- the independence and re-appointment of the external auditors and recommended to the Board for approval.
- Interested person transactions and any potential conflicts of interests.

- the change of internal auditors.
- the performance of the Senior Finance Manager.
- the whistle-blowing policy of the Group.

The AC has full access and co-operation from the Management and full discretion to invite any Director, executive officer to attend its meetings, and has 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 2015 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 2014.

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 Rules.

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 appropriate follow-up action are carried out.

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 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 audit plan 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.

During the financial year reported on, the IA conducted its audit reviews based on the approved internal audit plan. The internal audit plan detailing audit findings and recommendations are provided to the Management who would respond on the actions to be taken. The IA would then submit a report on the status of the audit plan, audit findings and actions taken by the Management on such findings to the AC. Any material non-compliance or lapses in the internal controls together with the corrective measures taken up by the Management are highlighted to the AC. The AC would monitor the timely and proper implementation of such corrective measures and will follow up on the required corrective, preventive or improvement measures undertaken or to be undertaken by the Management.

For FY2014, 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 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 FY2014, the Management had made prompt disclosure of relevant information to the market, shareholders and investors, to enable them to have better understanding of the business, latest development and financial performance of the Group. The Company makes available its briefing materials to analysts and the media and press release 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 2014 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 the 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 from the Board and the Management in regards to the Agenda of the general meetings. These minutes, subsequently approved by the Board are 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. All IPTs are subject to review by the AC to ensure compliance with the established procedures. In the event that a member of the AC is involved in any IPT, he will abstain from reviewing that particular transaction.

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 2014. The Group does not have a general mandate from shareholders for recurring IPTs pursuant to Rule 920(1)(a)(i) of the Listing Rules.

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 which are either still subsisting as at the end of the financial year ended 31 December 2014 or if not then subsisting, entered into since the end of the previous financial year.

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 2014.

Directors

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

Mr Lew Oon Yew	(Chairman)
Mr Hudson Chua Jain	
Mr Lien Kait Long	
Mr Pang Yoke Min	
Mr Wu Chin Loong, Paul	
Mr Chong Fook Choy, Christopher	
Mr Goh Kok Liang	
Ms Yeo Su-Lynn	
Mr Pang Wei Kuan, James	(Alternate Director to Mr Pang Yoke Min)

In accordance with Article 91 of the Company's Articles of Association, Mr Hudson Chua Jain, Mr Chong Fook Choy, Christopher and Ms Yeo Su-Lynn shall retire at the forthcoming Annual General Meeting of the Company. Mr Hudson Chua Jain, Mr Chong Fook Choy, Christopher and Ms Yeo Su-Lynn 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**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Ordinary shares of the Company				
Mr Pang Yoke Min	–	–	72,117,379	72,117,379
Mr Goh Kok Liang	125,000	125,000	–	–
Mr Pang Wei Kuan, James	–	–	–	195,000

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2015.

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 at the end of the financial year.

Report of the Directors

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.

Going concern assumptions

Our Company announced in our Annual Report of 2014 that, the Company had secured shareholders' pledges from its major shareholders amounting to S$2.6 million. 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, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors

- Reviewed the quarterly and annual 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 effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor

- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor
- Reviewed the nature and extent of non-audit services provided by the external auditor
- Recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit
- Reported actions and minutes of the AC to the Board of Directors with such recommendations as the AC considered appropriate
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual

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

The AC convened four meetings during the year. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

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

Mr Hudson Chua Jain
Director

31 March 2015

Statement by Directors

We, Mr Lew Onn Yew and Mr Hudson Chua Jain, 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 2014 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 completion of the disposals of three underperforming subsidiaries and the receipt of the proceeds on these disposals, as well as shareholders' pledges 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

Mr Hudson Chua Jain
Director

31 March 2015

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 39 to 107, which comprise the balance sheets of the Group and the Company as at 31 December 2014, 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 2014 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 matter

We draw attention to Note 2.1 to the financial statements. The Group and the Company incurred a loss of $3,780,000 and $2,756,000 for the financial year ended 31 December 2014 and as at that date, the Group and Company are in net current liability positions of $5,551,000 and $4,191,000 respectively. 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 receipts of the proceeds from the completion of the disposals of three underperforming subsidiaries and shareholders' pledges 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 this.

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
31 March 2015

Balance Sheets

As at 31 December 2014

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
ASSETS					
Current assets					
Cash and bank balances	4	2,737	4,149	120	1,063
Trade and other receivables	5	6,703	5,332	10,341	11,312
Other assets	6	679	1,276	200	329
Inventories	7	1,245	2,170	–	–
		11,364	12,927	10,661	12,704
Assets of disposal group classified as held for sale	27	3,566	–	–	–
		14,930	12,927	10,661	12,704
Non-current assets					
Investment in subsidiaries	8	–	–	3,936	5,407
Investment in associates	9	1,531	2,626	659	–
Other investment	10	–	180	–	360
Property, plant and equipment	11	4,266	11,301	1,698	2,354
Other assets	6	1,163	1,950	–	–
		6,960	16,057	6,293	8,121
TOTAL ASSETS		21,890	28,984	16,954	20,825
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	12	12,486	18,818	14,013	14,887
Other liabilities	13	3,197	6,862	434	336
Income tax payable		254	34	–	–
Current portion of borrowings	14	–	435	–	400
Current portion of finance leases	15	–	186	–	–
Provision	16	411	–	405	–
		16,348	26,335	14,852	15,623
Liabilities directly associated with disposal group classified as held for sale	27	4,133	–	–	–
		20,481	26,335	14,852	15,623
Net current liabilities		(5,551)	(13,408)	(4,191)	(2,919)
Non-current liabilities					
Deferred tax liabilities	25	29	81	–	–
Provision	16	870	1,245	317	699
Other payable	12	–	800	–	–
Finance leases	15	–	57	–	–
		899	2,183	317	699
TOTAL LIABILITIES		21,380	28,518	15,169	16,322

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

Balance Sheets

As at 31 December 2014

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Equity attributable to owners of the Company					
Share capital	17	62,615	62,615	62,615	62,615
Retained earnings		(60,254)	(57,749)	(60,830)	(58,112)
Other reserves	18	(533)	(1,044)	–	–
		1,828	3,822	1,785	4,503
Non-controlling interests		(1,318)	(3,356)	–	–
TOTAL EQUITY		510	466	1,785	4,503
TOTAL EQUITY AND LIABILITIES		21,890	28,984	16,954	20,825

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 2014

	Note	Group 2014 $'000	Group 2013 $'000
Revenue	19	52,908	53,462
Other items of income			
Interest income	20	117	103
Other income	21	5,319	1,300
Items of expense			
Financial expenses	22	(33)	(185)
Changes in inventories of consumables and medical supplies		(4)	(262)
Purchases of consumables and medical supplies		(9,456)	(9,997)
Employee benefits expenses	23	(32,710)	(34,018)
Depreciation expense		(3,289)	(3,885)
Rental expenses		(8,726)	(8,320)
Other expenses	24	(8,865)	(9,700)
Share of results of associates		1,058	70
Loss before tax		(3,681)	(11,432)
Income tax (expense)/credit	25	(99)	376
Loss for the year		(3,780)	(11,056)
Attributable to:			
Owners of the Company		(2,543)	(8,791)
Non-controlling interests		(1,237)	(2,265)
		(3,780)	(11,056)
Loss per share attributable to owners of the Company (cents per share)			
Basic	30	(0.44)	(1.84)
Diluted	30	(0.44)	(1.84)

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 2014

	Group	
	2014	**2013**
	$'000	$'000
Loss for the year	(3,780)	(11,056)
Other comprehensive expense:		
Items that may be reclassified subsequently to profit or loss		
Net loss on fair value changes of available-for-sale financial assets	(5)	(273)
Translation differences relating to financial statements of foreign subsidiaries	30	50
Realisation of translation loss on disposal of a subsidiary	506	–
Total comprehensive expense for the year	(3,249)	(11,279)
Total comprehensive expense attributable to:		
Owners of the Company	(2,032)	(9,134)
Non-controlling interests	(1,217)	(2,145)
	(3,249)	(11,279)

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

Group	Equity, total S$'000	Attributable to owners of the Company, total S$'000	Share capital (Note 17) S$'000	Retained earnings S$'000	Other reserves, total (Note 18) S$'000	Fair value adjustment reserve S$'000	Foreign currency translation reserve S$'000	Reserve of disposal group classified as held for sale S$'000	Premium paid on acquisition of non-controlling interests S$'000	Non-controlling interests S$'000
			Attributable to owners of the Company							
Opening balance at 1 January 2014	466	3,822	62,615	(57,749)	(1,044)	5	(1,002)	–	(47)	(3,356)
Loss for the year	(3,780)	(2,543)	–	(2,543)	–	–	–	–	–	(1,237)
Other comprehensive expense										
Net loss on fair value changes of available-for-sale financial assets	(5)	(5)	–	–	(5)	(5)	–	–	–	–
Translation differences relating to financial statements of foreign subsidiaries	30	10	–	–	10	–	10	–	–	20
Realisation of translation loss on disposal of a subsidiary	506	506	–	–	506	–	506	–	–	–
Other comprehensive expense for the year, net of tax	531	511	–	–	511	(5)	516	–	–	20
Total comprehensive expense for the year	(3,249)	(2,032)	–	(2,543)	511	(5)	516	–	–	(1,217)
Reserve attributable to disposal group classified as held for sale	–	–	–	–	–	–	281	(281)	–	–
Contributions by and distributions to owners										
Unclaimed dividend written back	38	38	–	38	–	–	–	–	–	–
Acquisition of a subsidiary	1,584	–	–	–	–	–	–	–	–	1,584
Disposal of a subsidiary	1,671	–	–	–	–	–	–	–	–	1,671
Total change in ownership interest	3,293	38	–	38	–	–	–	–	–	3,255
Closing balance at 31 December 2014	510	1,828	62,615	(60,254)	(533)	–	(205)	(281)	(47)	(1,318)

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

Statement of Changes in Equity

For the financial year ended 31 December 2014

Group	Equity, total	Attributable to owners of the Company, total	Share capital (Note 17)	Retained earnings	Other reserves, total (Note 18)	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	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.

Statement of Changes in Equity

For the financial year ended 31 December 2014

Company	Equity, total S$'000	Share capital (Note 17) S$'000	Retained earnings S$'000
Opening balance at 1 January 2014	4,503	62,615	(58,112)
Loss for the year	(2,756)	–	(2,756)
Total comprehensive expense for the year	(2,756)	–	(2,756)
Unclaimed dividend written back	38	–	38
Closing balance at 31 December 2014	1,785	62,615	(60,830)
Opening balance at 1 January 2013	2,149	53,093	(50,944)
Loss for the year	(7,168)	–	(7,168)
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)

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 2014

	Group	
	2014	2013
	$'000	$'000
Cash flows from operating activities:		
Loss before tax	(3,681)	(11,432)
Adjustments for		
Depreciation expense	3,289	3,885
Interest income	(117)	(103)
Interest expense	33	185
Dividend income from other investment	(105)	(113)
Write-off of payables	(2,101)	–
Gain on disposal of a subsidiary	(1,762)	–
Gain on liquidation of an associate	(412)	–
Gain on re-measurement of investment in associate to fair value upon business combination achieved in steps	(389)	–
Provision for/(write-back of provision of) impairment of doubtful receivables		
- Trade receivables	449	(309)
- Other receivables	31	(65)
Write-off of receivables previously not provided for	94	–
Impairment loss on goodwill	–	623
Impairment loss on other investment	55	–
Impairment loss on plant and equipment	1,713	335
Fixed assets written off	11	–
Share of results of associates	(1,058)	(70)
Gain on change of interest in an associate	(91)	–
(Gain)/loss on disposal of plant and equipment	(1)	465
Unrealised exchange loss, net	(47)	389
Operating cash flows before changes in working capital	(4,089)	(6,210)
Trade and other receivables	2,670	751
Inventories	127	70
Trade and other payables	(93)	1,342
Cash flows used in operations	(1,385)	(4,047)
Income tax refund	69	90
Interest paid	(33)	(185)
Interest received	117	103
Net cash flows used in operating activities	(1,232)	(4,039)

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 2014

	Group	
	2014	**2013**
	$'000	$'000
Cash flows from investing activities:		
Net cash inflow on acquisition of a subsidiary (Note 26(b))	1,044	104
Dividend received from other investment	105	113
Net proceeds from disposal of a subsidiary (Note 26(c))	349	–
Proceeds from disposal of property, plant and equipment	23	60
Purchase of property, plant and equipment	(357)	(1,472)
Acquisition of an associate	(844)	–
Dividend income from associates	565	–
Net cash flows generated from/(used in) investing activities	885	(1,195)
Cash flows from financing activities:		
Repayment of borrowings	(435)	(5,011)
Repayment of obligation under finance leases	(170)	(342)
Unclaimed dividend written back	38	–
Proceeds from share placement and rights issue	–	9,522
Net cash flows (used in)/generated from financing activities	(567)	4,169
Net decrease in cash and cash equivalents	(914)	(1,065)
Effect of exchange rate changes on cash and cash equivalents	–	(4)
Cash and cash equivalents at beginning of year	4,149	5,218
Cash and cash equivalents at end of year (Note 4)	3,235	4,149

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), except when otherwise indicated.

Going concern assumption

The Group and the Company incurred a loss of $3,780,000 (2013: $11,056,000) and $2,756,000 (2013: $7,168,000) respectively for the year ended 31 December 2014. As at that date, the Group and the Company were in a net current liability position of $5,551,000 (2013: $13,408,000) and $4,191,000 (2013: $2,919,000) respectively. 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.

In the opinion of the Directors, the Group and the Company will be able to continue as going concerns as the Directors are of the view that the proceeds from the completion of the disposal of three underperforming subsidiaries as discussed in Note 27 and the shareholders' pledges provided by the major shareholders will enable the Group and the Company 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 2014. 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 that have been issued but not yet effective:

Description	***Effective for annual periods beginning on or after***
Amendments to FRS 19 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Improvements to FRSs (January 2014)	
(a) Amendments to FRS 102 *Share Based Payment*	1 July 2014
(b) Amendments to FRS 103 *Business Combinations*	1 July 2014
(c) Amendments to FRS 108 *Operating Segments*	1 July 2014
(d) Amendments to FRS 113 *Fair Value Measurement*	1 July 2014
(e) Amendments to FRS 16 *Property, Plant and Equipment* and FRS 38 *Intangible Assets*	1 July 2014
(f) Amendments to FRS 24 *Related Party Disclosures*	1 July 2014
Improvements to FRSs (February 2014)	
(a) Amendments to FRS 103 Business Combinations	1 July 2014
(b) Amendments to FRS 113 Fair Value Measurement	1 July 2014
FRS 114 *Regulatory Deferral Accounts*	1 January 2016
Amendments to FRS 16 and FRS 41: *Agriculture: Bearer Plants*	1 January 2016
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 111: *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 *Non-current Assets Held for Sales and Discontinued Operations*	1 January 2016
(b) Amendments to FRS 107 *Financial Instruments Disclosures*	1 January 2016
(c) Amendments to FRS 19 *Employee Benefits*	1 January 2016
(d) Amendments to FRS 34 *Interim Financial Reporting*	1 January 2016
Amendments to FRS 110 & FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
FRS 115 *Revenue from Contracts with Customers*	1 January 2017
FRS 109 *Financial Instruments*	1 January 2018
Amendments to FRS 1: *Disclosure Initiative*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28: *Investment Entities: Applying the Consolidation Exception*	1 January 2016

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

2.3 *Standards issued but not yet effective (cont'd)*

Except for Amendments to FRS 27, FRS 115 and FRS 109, the directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of Amendments to FRS 27, FRS 109 and FRS 115 is described below.

<u>Amendments to FRS 27 Equity Method in Separate Financial Statements</u>

Amendments to FRS 27 are effective for financial periods beginning on or after 1 January 2016. These amendments allow the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. Upon adoption of Amendments to FRS 27, the dividend is recognised in profit or loss unless the entity elects to use the equity method, in which case the dividend is recognised as a reduction from the carrying amount of the investment.

<u>FRS 115 Revenue from Contracts with Customers</u>

FRS 115 is effective for financial periods beginning on or after 1 January 2017. FRS 115 establishes a five-step model that apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgements and estimates.

<u>FRS 109 Financial Instruments</u>

FRS 109 is effective for financial periods beginning on or after 1 January 2018. FRS 109 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in FRS 39. The approach in FRS 109 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets, and enables companies to reflect their risk management activities better in their financial statements, and, in turn, help investors to understand the effect of those activities on future cash flows. FRS 109 is principle-based, and will more closely align hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Group is currently evaluating the impact of the changes and assessing whether the adoption of Amendments to FRS 27, FRS 115 and FRS 109 will have an impact on the Group.

2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

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.

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

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

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

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.

(b) *Business combinations and goodwill*

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.

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 profit or loss.

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. 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.

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

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

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

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

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to 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.

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 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 measured.

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 exchange rates prevailing at the date of the transactions. 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.

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

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.

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

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 *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.

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.

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.

2.9 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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)

2.10 *Associates*

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the 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 associate. 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 associates are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

If the Group's ownership interest in an associate is reduced, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

2.11 *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.

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

2.11 *Financial instruments (cont'd)*

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

Subsequent measurement

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

(i) ***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.

(ii) ***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 derecognition 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.

(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.

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.

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

2.11 *Financial instruments (cont'd)*

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

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. 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.

2.12 *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.

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 payments.

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.

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

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

(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.

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.

2.13 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at banks and on hand 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.

2.14 *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. Summary of significant accounting policies (cont'd)

2.15 *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.

2.16 *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.

2.17 *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.

2.18 *Employee benefits*

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.

2.19 *Leases*

(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.

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

2.19 *Leases (cont'd)*

(a) *As lessee (cont'd)*

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(e). Contingent rents are recognised as revenue in the period in which they are earned.

2.20 *Non-current assets held for sale*

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

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.

(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.

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

2.21 *Revenue (cont'd)*

(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 *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.

  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.

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

2.22 *Taxes (cont'd)*

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

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.

2.23 *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.

2.24 *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.

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

2.24 *Contingencies (cont'd)*

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.

2.25 *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 10 years to 20 years (2013: 5 years to 20 years).

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 periods.

3.1 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were 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.

(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.

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

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

(c) *Impairment of loans and receivables*

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 5 to the financial statements. If the present value of estimated future cash flows decrease by 10% from management's estimates, the Group's allowance for impairment will increase by $67,000 (2013: increase by $53,000).

(d) *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.

(e) *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 $3,936,000 (2013: $5,407,000) and $659,000 (2013: $Nil) respectively (Note 8 and 9). The carrying value of the investment in associates for the Group as at the end of reporting period was $1,531,000 (2013: $2,626,000) (Note 9).

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

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

(f) *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 $1,432,000 (2013: $2,489,000) 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.

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:

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 $254,000 (2013: $34,000) and $29,000 (2013: $81,000) respectively.

4. Cash and bank balances

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Cash at banks	2,718	4,128	117	1,061
Cash on hand	19	21	3	2
	2,737	4,149	120	1,063

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

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

	Group	
	2014	**2013**
	$'000	$'000
Cash and bank balances		
- Continuing operations	2,737	4,149
- Included under assets/liabilities held for sale (Note 27)	498	–
Cash and cash equivalents at end of year	3,235	4,149

5. Trade and other receivables

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Trade and other receivables:				
Trade receivables:				
Outside parties	3,481	2,738	–	–
Less: Allowance for impairment	(1,090)	(737)	–	–
Subsidiaries	–	–	3,101	3,126
Amount due from associate	7	–	7	–
Other receivables:				
Amounts due from associates	168	14	104	14
Less: Allowance for impairment	(168)	–	(104)	–
Deposits				
- Rental	2,649	1,999	1,378	1,251
- Related party	12	12	–	–
- Others	86	159	24	23
Amounts due from doctors/former doctors	1,819	971	–	–
Less: Allowance for impairment	(393)	(320)	–	–
Other receivables	948	1,304	894	789
Less: Allowance for impairment	(816)	(905)	(778)	(789)
Other related parties	–	2	–	–
Amounts due from former associate	–	95	–	95
Amounts due from subsidiaries	–	–	5,715	6,803
	6,703	5,332	10,341	11,312

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Total trade and other receivables	6,703	5,332	10,341	11,312
Add: Cash and bank balances (Note 4)	2,737	4,149	120	1,063
Total loans and receivables	9,440	9,481	10,461	12,375

5. Trade and other receivables (cont'd)

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Other receivables are non-trade related, unsecured, non-interest bearing, repayable upon demand and are to be settled in cash.

Receivables that are past due but not impaired

The Group has trade receivables amounting to $1,783,000 (2013: $461,000) and other receivables amounting to $187,000 (2013: $649,000) 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	
	2014	**2013**
	$'000	$'000
Trade receivables past due:		
Lesser than 30 days	764	151
30-60 days	431	85
61-90 days	238	45
91-120 days	270	33
More than 120 days	80	147
	1,783	461
Other receivables past due:		
Lesser than 30 days	117	539
30-60 days	1	18
61-90 days	1	20
91-120 days	–	12
More than 120 days	68	60
	187	649

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	
	2014	**2013**
	$'000	$'000
Trade receivables – nominal amounts	1,090	737
Less: Allowance for impairment	(1,090)	(737)
	–	–
Movements in allowance accounts:		
At 1 January	737	1,545
Charge for the year	509	–
Write back	(60)	(309)
Acquisition of subsidiary (Note 26(b))	107	2
Written off	(203)	(501)
At 31 December	1,090	737
Amounts due from associates – nominal amounts	168	–
Less: Allowance for impairment	(168)	–
	–	–
Movements in allowance accounts:		
At 1 January	–	2,306
Charge for the year	168	–
Acquisition of subsidiary (Note 26(b))	302	–
Write back	(302)	–
Written off	–	(2,306)
At 31 December	168	–
Amounts due from doctors/former doctors – nominal amounts	393	320
Less: Allowance for impairment	(393)	(320)
	–	–
Movements in allowance accounts:		
At 1 January	320	428
Charge for the year	73	7
Write back	–	(72)
Written off	–	(43)
At 31 December	393	320

5. Trade and other receivables (cont'd)

Receivables that are impaired (cont'd)

	Group	
	2014	2013
	$'000	$'000
Other receivables – nominal amounts	816	905
Less: Allowance for impairment	(816)	(905)
	–	–
Movements in allowance accounts:		
At 1 January	905	1,286
Charge for the year	92	8
Written off	(199)	(389)
Acquisition of subsidiary (Note 26(b))	18	–
At 31 December	816	905

Trade receivables that are determined to be impaired at the end of reporting period relate to receivables that are outstanding more than 90 days (2013: 1 year) and have default on payments. 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 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	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Other assets (current):				
Prepayments	193	398	26	80
Sign-on bonuses	273	545	–	–
Deferred lease expenses	213	333	174	249
	679	1,276	200	329
Other assets (non-current):				
Prepayments	4	6	–	–
Sign-on bonuses	1,159	1,944	–	–
	1,163	1,950	–	–

7. Inventories

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Balance sheet:				
Medical supplies (at cost)	1,245	2,170	–	–
Income statement:				
Inventories recognised as an expense	9,460	10,259		

8. Investment in subsidiaries

	Company	
	2014	2013
	$'000	$'000
Unquoted equity shares at cost	11,818	14,631
Less: Allowance for impairment	(7,882)	(12,371)
Costs incurred in relation to acquisition of subsidiaries	180	180
Less: Allowance for impairment	(180)	–
Quasi-equity loans	2,194	7,550
Less: Allowance for impairment	(2,194)	(4,583)
Total cost	3,936	5,407
Movements in above allowance:		
At 1 January	16,954	16,954
Write off of prior year allowance for impairment	(6,949)	–
Impairment loss charged to income statement	251	–
At 31 December	10,256	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 $251,000 (2013: $Nil) was recognised for the year ended 31 December 2014 to write down these subsidiaries to their recoverable amounts.

8. Investment in subsidiaries (cont'd)

(a) *Composition of the Group*

The Group has the following investment in subsidiaries.

Name	Principal place of business	Principal activities	Proportion (%) of ownership interest 2014	2013
			%	%
Held by the Company:				
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
Pacific Healthcare Asia Pte Ltd (Liquidated on 14 March 2014)	Singapore	Investment holding	–	100
MD Specialist Healthcare Pte Ltd [(a)]	Singapore	Provision of specialized medical services including day surgical centres and dental services	100	100
Pacific Healthcare Limited (Disposed on 23 May 2014)	Hong Kong	Investment holding and provision of management services	–	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	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	100	100

8. Investment in subsidiaries (cont'd)

(a) *Composition of the Group (cont'd)*

Name	Principal place of business	Principal activities	Proportion (%) of ownership interest	
			2014	2013
			%	%
Customized Health Solutions Pte Ltd [(a)]	Singapore	Compounding of pharmaceutical & biological products	100	100
Pacific Healthcare Nursing Home Pte Ltd [(a)] (Acquired on 8 August 2014)	Singapore	Provision of medical services and the operation of medical centers and nursing home	51.25	15
Held through 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 through Pacific Healthcare Indonesia Pte Ltd:				
PT Pacific Healthcare Services Indonesia [(b)]	Indonesia	Provision of specialist medical and dental services	51	51
Held through Pacific Healthcare Limited:				
Pacific Kang Ying Healthcare Limited	Hong Kong	Investment holding	–	75
Asia Summit International Limited	Hong Kong	Investment holding	–	100
Held through Pacific Kang Ying Healthcare Limited:				
Shen Zhen Marsa Pacific Chain Enterprise Limited	The People's Republic of China	Provision of skin care services and sales of skin care products	–	52.5

(a) Audited by Ernst & Young LLP, Singapore

(b) Audited by Ernst & Young LLP, Jakarta

8. Investment in subsidiaries (cont'd)

(b) ***Interest in subsidiaries with material non-controlling interest (NCI)***

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of Subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Profit/(Loss) allocated to NCI during the reporting period	Accumulated NCI at the end of reporting period	Dividends paid to NCI
			$'000	$'000	$'000
2014					
PT Pacific Healthcare Services Indonesia	Indonesia	49%	(1,665)	(3,522)	–
Pacific Healthcare Nursing Home Pte Ltd	Singapore	48.75%	432	2,016	–
2013					
PT Pacific Healthcare Services Indonesia	Indonesia	49%	(1,233)	(1,860)	–
Shen Zhen Marsa Pacific Chain Enterprise Limited	The People's Republic of China	47.5%	(1,030)	(1,687)	–

(c) ***Summarised financial information about subsidiaries with material NCI***

Summarised financial information including consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised balance sheets

	Pacific Healthcare Nursing Home Pte Ltd	PT Healthcare Services Indonesia	
	2014	**2014**	**2013**
	$'000	$'000	$'000
Current			
Assets	6,400	366	382
Liabilities	(2,421)	(7,461)	(5,859)
Net current assets	3,979	(7,095)	(5,477)
Non-current			
Assets	174	–	1,831
Liabilities	(17)	(93)	(149)
Net non-current assets	157	(93)	1,682
Net assets	4,136	(7,188)	(3,795)

8. Investment in subsidiaries (cont'd)

(c) ***Summarised financial information about subsidiaries with material NCI (cont'd)***

Summarised statement of comprehensive income

	Pacific Healthcare Nursing Home Pte Ltd	PT Healthcare Services Indonesia	
	2014	**2014**	**2013**
	$'000	$'000	$'000
Revenue	2,492	532	1,406
Profit/(loss) before income tax	1,036	(3,404)	(2,524)
Income tax expense	(150)	–	–
Profit after tax – continuing operations	886	(3,404)	(2,524)

Other summarised information

	Pacific Healthcare Nursing Home Pte Ltd	PT Healthcare Services Indonesia	
	2014	**2014**	**2013**
	$'000	$'000	$'000
Net cash in/(out)flows from operations	(183)	(1,447)	(1,733)
Acquisition of significant property, plant and equipment	(11)	–	(8)

9. Investment in associates

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Unquoted equity shares at cost to the Company	1,478	703	1,362	703
Share of post-acquisition reserves	756	2,626	–	–
Less: Allowance for impairment	(703)	(703)	(703)	(703)
	1,531	2,626	659	–

9. Investment in associates (cont'd)

	Group	
	2014	2013
	$'000	$'000
Movements in above allowance:		
At 1 January	703	807
Written off	–	(104)
At 31 December	703	703

The Group's material investments in associates are summarized below:

	Group	
	2014	2013
	$'000	$'000
Pacific Eldercare and Nursing Pte Ltd	1,516	–
Synergy Healthcare Investments Pte Ltd	–	2,559
Others	15	67
At 31 December	1,531	2,626

Name	Principal place of business	Principal activities	Proportion (%) of ownership interest	
			2014	2013
Held by the Company:			%	%
Pacific Eldercare and Nursing Pte Ltd [(a)]	Singapore	Provision of medical services and the operation of medical centers and nursing home	26	15
Mediplex Asia Co. Ltd	Thailand	Provision of investment and management services relating to health and wellness business	49	49
Thai Mediplex Co. Ltd	Thailand	Management and operations of health and wellness specialist centre	30	30
Pacific Activity Centres Pte Ltd	Singapore	Management of operations of senior activity centres	35	–

9. Investment in associates (cont'd)

Name	Principal place of business	Principal activities	Proportion (%) of ownership interest 2014	2013
			%	%
Held through Pacific Healthcare Specialist Services Pte Ltd:				
Ikids Paediatric Practice Pte Ltd [a]	Singapore	Provision of specialised medical and paediatric services	50	50
Held through Pacific Healthcare Nursing Home Pte Ltd:				
Pacific Advance Renal Care Pte Ltd	Singapore	Management of operations of dialysis centre	50	–
Held through Pacific Healthcare Asia Pte Ltd:				
Synergy Healthcare Investments Pte Ltd (Liquidated on 14 March 2014)	Singapore	Investment holding	–	40

(a) Audited by Ernst & Young LLP, Singapore

On 21 February 2014, the Group acquired an additional 20% shareholding in Pacific Eldercare and Nursing Pte Ltd ("PEN"). Consequent to the acquisition, PEN which was previously included under other investment, becomes an associate of the Group. On 3 September 2014, PEN issued 800,000 additional new shares which was subscribed by the non-controlling interest. Subsequently, the Group's shareholding in PEN was diluted to 26%. This change of interest in PEN resulted in a gain of $91,000 during the year (Note 21).

On 14 March 2014, Synergy Healthcare Investments Pte Ltd ("Synergy") completed its voluntary liquidation and the Group recorded a net gain of $412,000 (Note 21) on the difference between write-off of payables due to Synergy and carrying value of investment in Synergy.

Aggregate information about the Group's investments in associates that are not individually material are as follows:

	Group 2014	2013
	$'000	$'000
Profit after tax, representing total comprehensive income for the year	140	141

The summarised financial information in respect of Pacific Eldercare and Nursing Pte Ltd ("PEN") based on its financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

9. Investment in associates (cont'd)

Summarised balance sheet

	PEN 2014 $'000
Current assets	3,503
Non-current assets	1,909
Total assets	5,412
Current liabilities	1,624
Non-current liabilities	664
Total liabilities	2,288
Net assets	3,124
Proportion of the Group's ownership	26%
Group's share of net assets	812
Goodwill on acquisition	704
Carrying amount of the investment	1,516

Summarised statement of comprehensive income

	PEN 2014 $'000
Revenue	5,127
Profit after tax	2,818

10. Other investment

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Available-for-sale financial assets:				
Quoted equity shares	–	60	–	–
Unquoted equity shares at cost	1,930	2,692	1,930	2,635
Less: Allowance for impairment	(1,930)	(2,572)	(1,930)	(2,275)
	–	180	–	360

10. Other investment (cont'd)

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Movements in above allowance:				
At 1 January	2,572	2,572	2,275	2,275
Written off	(642)	–	(345)	–
At 31 December	1,930	2,572	1,930	2,275

Quoted equity shares relate to investment in Birla-Pacific MedSpa Limited whose principal activities are the management and operations of medical spas. During the financial year, the Group recognised impairment loss of $55,000 (Note 24) as there was significant and prolonged decline in the fair value of this investment below its cost.

Unquoted equity shares investments include the following entities:

Name of company, country of incorporation and principal activities	Group Cost of investment 2014 $'000	Group Cost of investment 2013 $'000	Company Cost of investment 2014 $'000	Company Cost of investment 2013 $'000
Pacific Healthcare Nursing Home Pte Ltd [(a)]	–	120	–	360
Singapore				
Provision of nursing home services				
Prestige Healthcare Investments Private Limited	–	353	–	–
Singapore				
Investment holding				
Cure Heart Ltd.	1,930	1,930	1,930	1,930
Mauritius				
Investment holding				
Pacific Eldercare and Nursing Pte Ltd [(b)]	–	289	–	345
Singapore				
Provision of nursing home services				
	1,930	2,692	1,930	2,635

(a) On 21 February 2014, the Company acquired additional 20% shareholding in Pacific Healthcare Nursing Home Pte Ltd ("PHNH"). Consequent to the acquisition, PHNH becomes an associate of the Group. Subsequently on 8 August 2014, the Group subscribed for 800,000 additional new shares issued by PHNH and its shareholding was increased to 51.25%. Please refer to Note 26(b) for details.

(b) On 21 February 2014, the Company acquired additional 20% shareholding in Pacific Eldercare and Nursing Pte Ltd ("PEN"). Consequent to the acquisition, PEN becomes an associate of the Group. Subsequently on 3 September 2014, PEN issued 800,000 additional new shares for which the Company did not subscribe and the Company's interest in PEN was diluted to 25.97%. Please refer to Note 9 for details.

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 2013	17,485	22,152	39,637
Exchange differences	(31)	(144)	(175)
Additions	349	1,123	1,472
Acquisition of a subsidiary	–	8	8
Disposals	(686)	(1,087)	(1,773)
At 31 December 2013 and 1 January 2014	17,117	22,052	39,169
Exchange differences	(112)	(111)	(223)
Additions	228	183	411
Acquisition of a subsidiary (Note 26(b))	16	142	158
Disposals / write-offs	(12)	(378)	(390)
Disposal of a subsidiary (Note 26(c))	(3,241)	(3,284)	(6,525)
Attributable to assets/liabilities held for sale (Note 27)	(3,405)	(10,845)	(14,250)
At 31 December 2014	10,591	7,759	18,350
Accumulated depreciation:			
At 1 January 2013	10,259	14,234	24,493
Exchange differences	(35)	192	157
Depreciation charge for the year	1,380	2,505	3,885
Disposals	(320)	(926)	(1,246)
At 31 December 2013 and 1 January 2014	11,284	16,005	27,289
Exchange differences	(96)	(172)	(268)
Depreciation charge for the year	1,305	1,984	3,289
Disposals / write-offs	(2)	(353)	(355)
Disposal of a subsidiary (Note 26(c))	(2,176)	(3,638)	(5,814)
Attributable to assets/liabilities held for sale (Note 27)	(2,149)	(8,453)	(10,602)
At 31 December 2014	8,166	5,373	13,539
Accumulated impairment:			
At 1 January 2013	–	244	244
Impairment loss	–	335	335
At 31 December 2013 and 1 January 2014	–	579	579
Exchange differences	(9)	(6)	(15)
Impairment loss	837	876	1,713
Attributable to assets/liabilities held for sale (Note 27)	(743)	(989)	(1,732)
At 31 December 2013 and 1 January 2014	85	460	545
Net carrying amount:			
At 31 December 2013	5,833	5,468	11,301
At 31 December 2014	2,340	1,926	4,266

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

Company	**Leasehold improvements** $'000	**Plant and equipment** $'000	**Total** $'000
Cost:			
At 1 January 2013	5,406	2,450	7,856
Additions	15	12	27
Disposals	–	(443)	(443)
At 31 December 2013 and 1 January 2014	5,421	2,019	7,440
Additions	77	23	100
Disposals	(12)	(19)	(31)
At 31 December 2014	5,486	2,023	7,509
Accumulated depreciation:			
At 1 January 2013	2,800	1,956	4,756
Depreciation charge for the year	533	104	637
Disposals	–	(307)	(307)
At 31 December 2013 and 1 January 2014	3,333	1,753	5,086
Depreciation charge for the year	536	74	610
Disposals	(2)	(18)	(20)
At 31 December 2014	3,867	1,809	5,676
Accumulated impairment:			
At 1 January 2013, 31 December 2013 and 1 January 2014	–	–	–
Impairment loss for the year	–	135	135
At 31 December 2014	–	135	135
Net carrying amount:			
At 31 December 2013	2,088	266	2,354
At 31 December 2014	1,619	79	1,698

Assets held under finance leases

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

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
At 31 December	–	420	–	–

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

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

Impairment of assets

During the financial year ended 31 December 2014, the Group and the Company carried out a review of the recoverable amount of its equipments because they have been idle for a year. The Group and the Company recorded an impairment loss of $1,713,000 (2013: $335,000) and $135,000 (2013: $Nil) respectively, representing the write-down of these equipments to the recoverable amount. This impairment loss was recognised in 'Other expenses' (Note 24) line item of the income statement.

12. Trade and other payables

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Trade and other payables (current):				
Trade payables:				
Outside parties	5,816	5,940	598	824
Other payables (current):				
Amounts due to associates	1,668	2,978	1,478	–
Subsidiaries	–	–	9,203	11,328
Directors	10	1,435	10	13
For purchase of investments				
- to be settled by cash	382	2,123	382	2,123
Amounts payable to doctors	2,357	2,241	–	–
Deposit received on disposal of subsidiaries	1,829	–	1,829	–
Deposits received	–	106	393	476
Amounts due to minority shareholders of subsidiaries	2	2,268	–	–
Others	1,422	1,727	120	123
	12,486	18,818	14,013	14,887
Other payables (non-current):				
Director	–	800	–	–
Total trade and other payables (current)	12,486	18,818	14,013	14,887
Less:				
- Deposit received on disposal of subsidiaries	(1,829)	–	(1,829)	–
Add:				
- Accrued liabilities (Note 13)	1,754	1,488	390	288
- Loans and borrowings (Note 14)	–	435	–	400
- Finance leases (Note 15)	–	243	–	–
Total financial liabilities carried at amortised cost	12,411	20,984	12,574	15,575

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 (2013: 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 and reimbursement of expenses which is repayable on demand.

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. This amount is fully repaid during the year.

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. The Group and the Company write-off part of the payables amounted to $2,101,000 during the year (Note 21).

Amounts payable to doctors are without fixed repayment terms and interest, except for an amount of $1,903,000 (2013: $2,130,000) relating to professional fee due to doctors which are payable based on consultancy agreements.

Deposit received on disposal of subsidiaries represents up-front consideration received for the disposals of three subsidiaries as disclosed in Note 27. These deposits are non-refundable and non-interest bearing.

Deposit received represent deposits collected from related parties on lease agreements entered with these related parties and deposits collected from in-house private patients upon their admission to the nursing homes. These deposits are non-interest bearing, have no fixed repayment term and are to be settled in 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	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Accrued liabilities	1,754	1,488	390	288
Deferred revenue	1,423	5,374	–	–
Deferred lease income	20	–	44	48
	3,197	6,862	434	336

14. Borrowings

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Bank loans				
- Current portion	–	435	–	400
Bank loans comprise:				
Loan 1	–	200	–	200
Loan 2	–	35	–	–
Loan 3	–	200	–	200
	–	435	–	400

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 6.5% to 6.75% (2013: 4.62% to 6.50%) 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 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 3: The SGD bank loan is unsecured and repayable over 12 monthly instalments 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.

15. Finance leases

Group	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments
	2014	2014	2013	2013
	$'000	$'000	$'000	$'000
Not later than one year	–	–	212	186
Later than one year but not later than five years	–	–	59	57
Total minimum lease payments	–	–	271	243
Less: Amounts representing finance charges	–	–	(28)	–
Present value of minimum lease payments	–	–	243	243

15. Finance leases (cont'd)

It is the Group's policy to finance certain of its leasehold improvements, plant and equipment under finance leases. In 2013, the average lease term is 2 to 4 years. The effective borrowing rates in Singapore range 2.1% to 4.65% per annum and 9% to 17% per annum for the medical centre in Jakarta. 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.

As of 31 December 2014, the finance lease with carrying amount of $73,000 was included in the "liabilities directly associated with disposal group classified as held for sale" under Note 27 as the management has intention to dispose its medical centre in Jakarta.

16. Provisions

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Provision for restoration cost:				
At 1 January	1,245	1,310	699	692
Provided during the year	36	23	23	7
Utilised during the year	–	(88)	–	–
At 31 December	1,281	1,245	722	699
Current	411	–	405	–
Non-current	870	1,245	317	699
	1,281	1,245	722	699

In accordance with the lease agreements, the Group and the Company have an obligation to restore the premises to their original state and condition as at the expiry of the lease. A provision for restoration cost is recognised when the Group and the Company entered into these lease agreements and it includes the estimated cost of demolishing and removing all the leasehold improvements made by the Group to the premises.

17. Share capital

	Group and Company			
	2014		2013	
	No. of shares		No. of shares	
	'000	$'000	'000	$'000
Issued and fully paid ordinary shares:				
At 1 January	573,743	62,615	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	573,743	62,615

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.

18. 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.

Premium paid on acquisition of non-controlling interests

This represents the difference between the consideration paid and the carrying value of the additional interest acquired from non-controlling interest without a change in control in existing subsidiaries.

19. Revenue

	Group	
	2014	2013
	$'000	$'000
Rendering of services	39,248	37,856
Sale of goods	13,054	14,724
Management fee income	246	237
Rental income	360	645
	52,908	53,462

20. Interest income

	Group	
	2014	2013
	$'000	$'000
Interest income from loans and receivables	117	103

21. Other income

	Group	
	2014	2013
	$'000	$'000
Write-off of payables	2,101	–
Gain on disposal of a subsidiary (Note 26(c))	1,762	–
Gain on liquidation of an associate (Note 9)	412	–
Gain on re-measurement of investment in associate to fair value upon business combination achieved in steps (Note 26(b))	389	–
Gain on change of interest in associate (Note 9)	91	–
SEC Grant [a]	59	54
SME Cash Grant [b]	–	38
Wage Credit Scheme [c]	73	–
PIC Cash Payout [d]	132	–
Dividend income	105	113
Gain on disposal of fixed assets	1	–
Gain on negative goodwill (Note 26(b))	9	–
Write back of provision for impairment of doubtful receivables		
- Trade receivables	–	309
- Other receivables	–	65
Other income	185	721
	5,319	1,300

(a) The Special Employment Credit (SEC) was introduced in 2011 to provide support for employers to hire older Singaporean workers. During the financial year ended 31 December 2014, the Group received grant income of $59,000 (2013: $54,000) 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 under the Scheme. No such income is received during the year.

(c) Wage Credit Scheme (WCS) was introduced to help businesses which may face rising wage costs in a tight labour market. During the financial year ended 31 December 2014, the Group received grant income of $73,000 (2013: $Nil) under the Scheme.

(d) Productivity and Innovation Credit (PIC) Cash Payout was introduced to support small and growing business, which may be cash-constrained, and encourage them to innovate and improve productivity. During the financial year ended 31 December 2014, the Group received cash payout of $132,000 (2013: $Nil) under the Scheme.

22. Financial expenses

	Group 2014 $'000	Group 2013 $'000
Interest expenses:		
- Bank loans	7	140
- Obligations under finance leases	26	45
Total financial expenses	33	185

23. Employee benefits expenses

	Group 2014 $'000	Group 2013 $'000
Salaries and bonuses	31,152	32,581
Central Provident Fund Contribution	1,336	1,354
Other short-term benefits	222	83
	32,710	34,018

24. Other expenses

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

	Group 2014 $'000	Group 2013 $'000
Foreign exchange transaction losses	10	10
Provision for impairment of doubtful receivables		
- Trade receivables	449	–
- Other receivables	31	–
Written-off of receivables previously not provided for	94	–
Impairment loss on goodwill (Note 26 (a))	–	623
Impairment loss on other investments (Note 10)	55	–
Impairment loss on plant and equipment (Note 11)	1,713	335
Loss on disposal of plant and equipment	–	465
Fixed assets written-off	11	–
Audit fees:		
- Auditors of the Company	346	275
- Other auditors	39	31
Non-audit fees		
- Other auditors	15	22
Advertising and marketing expenses	988	1,956
Credit cards commission	690	755
Professional fees	359	381

25. Income tax expense and deferred tax

The major components of income tax expense/(credit) for the years ended 31 December 2014 and 2013 are:

	Group	
	2014	**2013**
	$'000	$'000
Consolidated income statement:		
Current income tax		
- Current income taxation	151	–
- Over provision in respect of previous years	–	(268)
	151	(268)
Deferred income tax		
- Origination and reversal of temporary differences	–	(108)
- Over provision in respect of previous years	(52)	–
Income tax expense/(credit) recognised in profit or loss	99	(376)
Statement of comprehensive income:		
Deferred tax expense related to other comprehensive income:		
- Net loss on fair value changes of available-for-sale financial assets	–	(100)
	–	(100)

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 2014 and 2013 are as follows:

	Group	
	2014	**2013**
	$'000	$'000
Loss before tax	(3,681)	(11,432)
Tax at the domestic rates applicable to profits in the countries where the Group operates:	(883)	(2,134)
Adjustments:		
Non-deductible expenses	690	987
Share of results of associates	(180)	(12)
Effect of partial tax exemptions and tax relief	(157)	(71)
Over provision in respect of previous years	(52)	(268)
Income not subject to taxation	(904)	(147)
Deferred tax assets not recognised	1,582	1,270
Other items	3	(1)
Income tax expense/(credit) recognised in profit or loss	99	(376)

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

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

Deferred tax as at 31 December relates to the following:

	Group			
	Consolidated balance sheet		Consolidated income statement	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Deferred tax:				
Revaluations to fair value – Available-for-sale financial assets	–	3	3	–
Excess of net book value over tax base of plant and equipment	(29)	(84)	(55)	(108)
Total deferred tax liabilities, net	(29)	(81)		
Deferred tax credit			(52)	(108)

Unrecognised tax losses and unabsorbed capital allowances

At the end of reporting period, the Group has tax losses and unabsorbed capital allowances of approximately $37,557,000 (2013: $28,130,000) and $1,564,000 (2013: $1,685,000) 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. The tax losses and capital allowances have no expiry date.

26. Acquisition and disposal of subsidiaries/business units

(a) Acquisition of The Wellness Lounge Pte Ltd

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)
	(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 subsidiaries on cash flows

Total consideration for 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.

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

(a) Acquisition of The Wellness Lounge Pte Ltd (cont'd)

Impact of acquisition on profit or loss

From the date of acquisition to 31 December 2013, 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

The purchase price allocation for the acquisition of TWL in the financial year ended 31 December 2013 was provisional. In FY2014, the purchase price allocation was completed and the goodwill amount was finalised at $623,000, which is the same as the provisional amount recognised in FY2013. An impairment loss of $623,000 representing the write-down of goodwill to the recoverable amount was recognized in other expenses (Note 24) line item of the income statement in 2013.

(b) Acquisition of Pacific Healthcare Nursing Home

On 21 February 2014, the Group acquired additional 20% shareholding in its existing investment, Pacific Healthcare Nursing Home Pte Ltd ("PHNH"). Consequent to the acquisition, PHNH previously classified under other investment, becomes an associate of the Group. Subsequently on 8 August 2014, the Group subscribed for 800,000 additional new shares issued by PHNH and its shareholding was increased to 51.25%.

The group has elected to measure the non-controlling interest at the non-controlling interest's proportionate share of PHNH's net identifiable assets.

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

	Fair value recognised on acquisition Group 2014 $'000
Cash and cash equivalents	1,044
Trade and other receivables	3,792
Other current asset	53
Investment in an associate	25
Property, plant and equipment	158
	5,072
Trade and other payables	(2,460)
Income tax payable	(161)
	(2,621)

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

(b) Acquisition of Pacific Healthcare Nursing Home (cont'd)

	Fair value recognised on acquisition
	Group
	2014
	$'000
Total identifiable net assets at fair value	2,451
Non-controlling interest	(1,195)
Negative goodwill arising from acquisition	(9)
	1,247
Consideration transferred for the acquisition of PHNH	
Deemed Consideration[1]	389
Total Consideration transferred	389
Fair value of equity interest in PHNH held by the group immediately before the acquisition	858
	1,247
Effect of acquisition of PHNH on cash flows	
Total consideration for equity interest acquired	1,247
Less: Non-cash consideration	(1,247)
Consideration settled in cash	–
Less: Cash and cash equivalent of subsidiary acquired	1,044
Net cash inflow on acquisition	1,044

[1] Deemed consideration relates to the proportion of the $800,000 injected by the Company into PHNH in respect of the subscription of new shares in PHNH attribute to non-controlling interests.

Gain on remeasurement previously held equity interest in PHNH to fair value at acquisition date

The Group recognised a gain of $389,000 as a result of measuring at fair value its 35% equity interest in PHNH held before the business combination. The gain is included in the "Other income" line item in the Group's profit or loss for the year ended 31 December 2014.

Trade and other receivables acquired

Trade and other receivables acquired comprise of trade and other receivables with fair values of $3,792,000, respectively. Their gross amounts are $4,219,000. At the acquisition date, $427,000 of the contractual cash flows pertaining to trade receivables are not expected to be collected.

Impact of acquisition on profit or loss

From the date of acquisition, PHNH has contributed $886,000 of profit 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 $2,882,000 and revenue from continuing operations would have been $56,662,000.

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

(b) Acquisition of Pacific Healthcare Nursing Home (cont'd)

Goodwill arising on acquisition

The purchase price allocation for the acquisition of PHNH in the financial year ended 31 December 2014 was provisional as management is in the midst of finalising the valuation as of the date of the financial statements. A gain of $9,000 representing the negative goodwill was recognized in other expenses (Note 21) line item of the income statement in 2014.

(c) Disposal of a subsidiary

On 23 May 2014 the Group entered into a settlement agreement to dispose its 100% equity stake in Pacific Healthcare Limited for a consideration of $735,000. This disposal resulted in a gain on disposal of $1,762,000 (Note 21).

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

	Group 2014 $'000
Cash and cash equivalents	386
Trade and other receivables	224
Inventories	577
Other current assets	208
Plant and equipment	711
Trade and other payables	(5,512)
Income tax payable	(11)
Other current liabilities	(3,978)
Non-controlling interests	1,671
Net liabilities at date of disposal	(5,724)
Cash consideration	735
Cash balance disposed off	(386)
Net cash inflow on disposal of a subsidiary	349

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

	Group 2014 $'000
Revenue	1,772
Loss for the year	(14)

27. Disposal group classified as held for sale

The Company announced on 2 January 2015 that it entered into a sale and purchase agreement with Royal Medical & Imaging Pte Ltd for the proposed disposal of its wholly owned subsidiary, Pacifc Cancer Centre Pte. Ltd ("PCC") at a total cash consideration of S$5,000,000.

Subsequently on 16 January 2015, the Company entered into two sale and purchase agreements with Straitsworld Advisory Ltd for the proposed disposal of its two wholly owned subsidiaries, Pacific Healthcare (Indonesia) Pte. Ltd. ("PHI") and Pacific Surgical and Endoscopy Centre Pte. Ltd. ("PSEC") at cash considerations of S$285,000 and S$3,902,032 respectively.

The proposed disposal is a good opportunity for the Company to dispose of an underperforming asset for valuable consideration and is part of the Company's continuous effort to strengthen its balance sheet. The proceeds would provide an injection of working capital for ongoing operational expenses. As at 31 December 2014, the assets and liabilities related to all three subsidiaries have been presented in the balance sheet as "Assets of disposal group classified as held for sale" and "Liabilities directly associated with disposal group classified as held for sale". These disposals are expected to be completed by April 2015.

Balance sheet disclosures

The major classes of assets and liabilities of PCC, PHI and PSEC classified as held for sale as at 31 December are as follows:

	Group
	2014
	$'000
Assets:	
Cash and bank balances	498
Trade and other receivables	751
Other assets	181
Inventories	220
Property, plant and equipment	1,916
Assets of disposal group classified as held for sale	3,566
Liabilities:	
Trade and other payables	3,749
Other liabilities	311
Finances leases	73
Liabilities directly associated with disposal group classified as held for sale	4,133
Net liabilities directly associated with disposal group classified as held for sale	(567)
Reserve:	
Foreign currency translation reserve	281

Income statement and Cash flow statement disclosures

The disposal group classified as held for sale is not regarded as discontinued operation as it does not represent a major line of business or geographical area of operations and it is not part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations.

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	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Director - rental expense	–	(47)	–	–
Director related company - agent fees	–	(14)	–	–
Associates of the Group:				
- Management fee income	211	79	211	79
- Rental income	194	194	194	194
Other related parties:				
- Management fee income	34	156	34	156
- Rental income	167	400	167	400

Other related parties refer to former associates of the Group.

(b) ***Compensation of key management personnel***

	Group	
	2014	**2013**
	$'000	$'000
Short-term employee benefits	3,675	7,388
Central Provident Fund contributions	35	39
	3,710	7,427
Comprise amounts paid to:		
Directors of the Company	3,213	7,195
Other key management personnel	497	232
	3,710	7,427

Included in the above amounts are the following items:

	Group	
	2014	**2013**
	$'000	$'000
Fees to directors of the Company	174	246
Remuneration of directors of the Company +	3,039	6,949

\+ Includes professional fees paid to directors in their capacity as doctors as well as sign-on bonuses of $174,000 charged to the income statement (2013: $403,000)

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of that entity.

28. Related party transactions (cont'd)

(c) *Commitments and contingencies*

	Company	
	2014	**2013**
	$'000	$'000
Financial guarantees given by the Company to banks for loans granted to subsidiaries	–	35
Financial support given to those subsidiaries having deficiencies in shareholders' funds	696	549

In addition to the above, certain directors of the Company and/or subsidiaries have provided guarantees for certain borrowing facilities (Notes 14 and 15).

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.

Except for contingent liabilities disclosed above, there are no other material contingent liabilities for the Group and Company as at 31 December 2014 and 31 December 2013.

29. Commitments

(a) *Capital commitment*

There is no capital expenditure contracted for as of 31 December 2013 and 2014.

(b) *Operating lease commitments – as lessee*

The Group has entered into commercial leases on certain of its premises. These leases have an average tenure of between three and five years with no contingent rent provision included in the contract.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2014 amounted to $8,726,000 (2013: $8,320,000).

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

	Group	
	2014	**2013**
	$'000	$'000
Not later than one year	8,091	8,694
Later than one year but not later than five years	17,808	13,688
	25,899	22,382

(c) *Operating lease commitments – as lessor*

The Group has entered into leases on its premises. These non-cancellable leases have remaining lease terms of 2 years (2013: 3 years).

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

29. Commitments (cont'd)

(c) ***Operating lease commitments – as lessor (cont'd)***

	Group	
	2014	**2013**
	$'000	$'000
Not later than one year	194	279
Later than one year but not later than five years	8	202
	202	481

30. 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 $2,543,000 (2013: $8,791,000) by the weighted average number of shares outstanding of 573,742,953 (2013: 478,974,766).

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

31. 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, general and vascular surgery, neurosurgery, obstetrics and gynaecology, opthalmology, orthopaedic surgery, paediatrics, psychiatry, sports medicine and urology. Complementing the specialist healthcare unit of the Group's Medical division is the Group's 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. The Group also expanded its medical segment to include nursing homes.

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.

31. Segment information (cont'd)

	Dentistry		Medical		Adjustments and eliminations		Notes	Per consolidated financial statements	
	2014	2013	2014	2013	2014	2013		2014	2013
	$'000	$'000	$'000	$'000	$'000	$'000		$'000	$'000
Revenue:									
External customers	13,542	16,238	39,366	37,224	–	–		52,908	53,462
Inter-segment	44	279	11,170	10,086	(11,214)	(10,365)	A	–	–
Total revenue	13,586	16,517	50,536	47,310	(11,214)	(10,365)		52,908	53,462
Results:									
Interest income	–	–	117	103	–	–		117	103
Depreciation	786	798	2,433	3,000	70	87	B	3,289	3,885
Share of profit of associates	–	–	1,058	70	–	–		1,058	70
Impairment loss on goodwill	–	–	–	–	–	623		–	623
Impairment loss on investments	–	–	–	–	55	–		55	–
Impairment loss on plant and equipment	263	46	1,450	289	–	–		1,713	335
Gain on disposal of a subsidiary	–	–	–	–	(1,762)	–		(1,762)	–
Gain on liquidation of an associate	–	–	–	–	(412)	–		(412)	–
Gain on re-measurement of investment in associate to fair value upon business combination achieved in steps	–	–	–	–	(389)	–		(389)	–
Gain on change of interest in associate	–	–	–	–	(91)	–		(91)	–
Other non-cash expenses	(435)	(229)	(17)	305	(114)	(38)	C	(566)	38
Segment (loss)/profit	(1,387)	295	(4,005)	(10,877)	1,711	(850)	D	(3,681)	(11,432)
Assets:									
Investment in associates	–	–	1,531	2,626	–	–		1,531	2,626
Additions to non-current assets	133	131	278	1,341	–	–	E	411	1,472
Segment assets	2,643	5,895	18,780	21,492	467	1,597	F	21,890	28,984
Segment liabilities	607	3,621	16,853	20,345	3,920	4,552	G	21,380	28,518

31. 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:

	2014 $'000	2013 $'000
Finance costs	(33)	(185)
Unallocated corporate expenses	(705)	(627)
Gain on disposal of a subsidiary	1,762	–
Gain on liquidation of an associate	412	–
Gain on re-measurement of investment in associate to fair value upon business combination achieved in steps	389	–
Other non-cash expenses	(114)	(38)
	1,711	(850)

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:

	2014 $'000	2013 $'000
Cash and bank balances	120	1,063
Other receivables	116	95
Other assets	156	202
Other investment	–	120
Property, plant and equipment	75	117
	467	1,597

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

	2014 $'000	2013 $'000
Deferred tax liabilities	29	81
Income tax payable	254	34
Borrowings	–	435
Finance leases	–	243
Other payable - for purchase of investments	382	2,123
Provision for restoration cost	722	699
Deposit received on disposal of subsidaires	1,829	–
Other payables	598	824
Others	106	113
	3,920	4,552

31. Segment 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	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Singapore	50,604	48,782	6,061	10,506
Overseas	2,304	4,680	–	2,745
	52,908	53,462	6,061	13,251

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

32. 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 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.

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.

(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 bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

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.

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.

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

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

Exposure to credit risk

At the end of the 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;
- in 2013, a nominal amount of $35,000 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:

- 23% (2013: 27%) of the Group's trade receivables were due from 5 major corporate customers of the Group.
- 2% (2013: 5%) 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 with creditworthy debtors with good payment record with the Group. Cash and bank balances 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.

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 funding from its shareholders to meet its liquidity requirements in the short and longer term.

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

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

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

	2014			2013		
	1 year or less	1 to 5 years	Total	1 year or less	1 to 5 years	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Financial assets:						
Trade and other receivables	6,703	–	6,703	5,332	–	5,332
Cash and bank balances	2,737	–	2,737	4,149	–	4,149
Total undiscounted financial assets	9,440	–	9,440	9,481	–	9,481
Financial liabilities:						
Trade and other payables	10,657	–	10,657	18,818	800	19,618
Accrued liabilities (Note 13)	1,754	–	1,754	1,488	–	1,488
Borrowings	–	–	–	437	–	437
Finance leases	–	–	–	212	59	271
Total undiscounted financial liabilities	12,411	–	12,411	20,955	859	21,814
Total net undiscounted financial liabilities	(2,971)	–	(2,971)	(11,474)	(859)	(12,333)

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

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

	2014			2013		
	1 year or less	**1 to 5 years**	**Total**	**1 year or less**	**1 to 5 years**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000
Company						
Financial assets:						
Trade and other receivables	10,341	–	10,341	11,312	–	11,312
Cash and bank balances	120	–	120	1,063	–	1,063
Total undiscounted financial assets	10,461	–	10,461	12,375	–	12,375
Financial liabilities:						
Trade and other payables	12,184	–	12,184	14,887	–	14,887
Accrued liabilities (Note 13)	390	–	390	288	–	288
Borrowings	–	–	–	402	–	402
Total undiscounted financial liabilities	12,574	–	12,574	15,577	–	15,577
Total net undiscounted financial liabilities	(2,113)	–	(2,113)	(3,202)	–	(3,202)

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.

	2014			2013		
	1 year or less	**1 to 5 years**	**Total**	**1 year or less**	**1 to 5 years**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000
Company						
Financial guarantees	–	–	–	35	–	35

33. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group adopts 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**
Assets measured at fair value				
Financial assets:				
Available-for-sale financial assets (Note 10)				
- Equity securities (quoted)	60	–	–	60
At 31 December 2013	60	–	–	60

<u>Determination of fair value</u>

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.

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

(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 14)

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.

(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**
Liabilities:					
Amount due to director	–	–	(643)	(643)	(800)
Finance leases	–	–	(225)	(225)	(243)

There is no asset or liabilities not carried at fair value but for which fair value is disclosed as of 31 December 2014.

33. 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

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			
	Note	2014 $'000		2013 $'000		2014 $'000		2013 $'000	
		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	*	–	–	360	*
Financial liabilities:									
Amount due to director	12	–	–	(800)	(643)	–	–	–	–
Finance leases	15	–	–	(243)	(225)	–	–	–	–

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

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.

Amount due to director (Note 12) and Finance leases (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.

34. Capital management

Capital includes debt and equity items as disclosed in the table below.

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 2014 and 31 December 2013.

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 bank balances. Capital refers to equity attributable to the owners of the Company.

34. Capital management (cont'd)

	Group	
	2014	2013
	$'000	$'000
Trade and other payables (Note 12)	12,486	19,618
Other liabilities (Note 13)	3,197	6,862
Borrowings (Note 14)	–	435
Finance leases (Note 15)	–	243
Less: Cash and bank balances (Note 4)	(2,737)	(4,149)
Net debt	12,946	23,009
Equity attributable to the owners of the Company	1,828	3,822
Total capital and net debt	14,774	26,831
Gearing ratio	88%	86%

35. Events occurring after the reporting period

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

(a) On 2 January 2015, the Company entered into a sale and purchase agreement ("Agreements") with Royal Medical & Imaging Pte Ltd ("RMI") for the proposed disposal by the Company of 1,000,000 issued and paid up ordinary shares in the share capital of Pacifc Cancer Centre Pte. Ltd ("PCC") at a total cash consideration of S$5,000,000.

On 16 January 2015, the Company entered into two sale and purchase agreements ("Agreements") with Straitsworld Advisory Ltd ("SA") for the proposed disposal by the Company of 2 issued and paid-up ordinary shares in the share capital of Pacific Healthcare (Indonesia) Pte. Ltd. ("PHI") and 400,000 issued and paid-up ordinary shares in the share capital of Pacific Surgical and Endoscopy Centre Pte. Ltd. ("PSEC") at cash considerations of S$285,000 and S$3,902,032 respectively. These three proposed disposals above are expected to be completed in April 2015.

Upon completion of the three proposed disposals above, the Company will cease to have any shareholding interest in all three companies, PCC, PHI and PSEC.

The completion of the three proposed disposals above is subjected to several conditions precedent as follows:

(i) the approval of directors of the Company and both RMI and SA for the entering into these Agreements and any transactions contemplated by these Agreements and other related transactions as maybe required in relation thereto;

(ii) the clearance by the Singapore Exchange Securities Trading Limited ("SGX-ST") of the circular of SA in relation to the disposal of the Sale Shares (if necessary);

(iii) the approval of the shareholders of SA being obtained for the disposal of the Sale Shares on the terms and subject to the conditions of this Agreements (if necessary); and

(iv) all applicable governmental or regulatory approvals being obtained, including but not limited to SGX-ST requirements, for the sale of the Sale Shares to RMI and SA prior to completion.

35. Events occurring after the reporting period (cont'd)

In addition to the above, the proposed disposal of PCC and PSEC is conditional upon:

(v) in principle approval from the management of Paragon in writing, whether in the form or a letter or an email, relating to the transfer or novation of the lease agreement or the signing of a fresh lease agreement for the lease of office space on the level 7th of Paragon and the whole of the 12th level of Paragon including the limited space on the 11th level of Paragon currently occupied by PSEC by RMI and SA.

(b) On 14 February 2015, the Company divested 5.97% of its shareholdings, amounting to 185,000 shares in Pacific Eldercare and Nursing Pte. Ltd. ("PEN") to Entrust Healthcare Pte. Ltd. at a total cash consideration of S$185,000. As a result, the shareholding of the Company in PEN decreased from 26% to 20%. The Group has assessed the financial effect of the above change and is not expected to have material impact on the financial position or performance of the Group.

(c) On 14 February 2015, the Company waived its pre-emption rights to allow Entrust Healthcare Pte. Ltd. to subscribe to 15,000 shares in Pacific Healthcare Nursing Home Pte. Ltd. ("PHNH") at a total cash consideration of S$15,000. As a result, the shareholding of the Company in PHNH decreased from 51.25% to 51%. The Group has assessed the financial effect of the above change and is not expected to have material impact on the financial position or performance of the Group.

(d) On 14 February 2015, the subsidiary of the Company, Pacific Healthcare Nursing Home Pte Ltd ("PHNH") has agreed with Pacific Activity Centres Pte. Ltd. ("PAC") to transfer its entire shareholdings in Pacific Advance Renal Care Pte. Ltd ("PARC") to PAC at a total cash consideration of S$25,000 and for PAC to take over its Shareholders' Loan of S$125,000. The Group has assessed the financial effect of the above change and is not expected to have material impact on the financial position or performance of the Group.

(e) On 27 March 2015, the Company transferred its entire shareholdings in Pacific Activity Centres Pte Ltd ("PAC"), a 35% owned associate, to Pacific Eldercare and Nursing Pte Ltd at a total cash consideration of S$185,500. The Group has assessed the financial effect of the above change and is not expected to have material impact on the financial position or performance of the Group.

36. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 31 March 2015.

Statistics of Shareholdings

As at 16 March 2015

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 - 99	117	8.18	1,396	0.00
100 - 1,000	316	22.08	300,895	0.05
1,001 - 10,000	332	23.20	1,877,324	0.33
10,001 - 1,000,000	624	43.61	59,360,899	10.35
1,000,001 AND ABOVE	42	2.93	512,202,419	89.27
TOTAL	1,431	100.00	573,742,933	100.00

TWENTY LARGEST SHAREHOLDERS

	NAME	NO. OF SHARES	%
1	HSBC (SINGAPORE) NOMINEES PTE LTD	147,293,802	25.67
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	CHONG LAI LEONG WILLIAM	16,000,684	2.79
6	MARTIN HUANG HSIANG SHUI	11,952,180	2.08
7	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	9,556,500	1.67
8	RAFFLES NOMINEES (PTE) LIMITED	8,487,450	1.48
9	TAI HUI ENG	7,000,000	1.22
10	SANDRA AYE AYE HAN CHU	5,414,667	0.94
11	TAY TZE HSIN MARC	5,365,733	0.94
12	CITIBANK NOMINEES SINGAPORE PTE LTD	4,730,000	0.82
13	CHIA CHENG YAN	4,419,000	0.77
14	TAN KEE SENG IAN	4,171,250	0.73
15	LIM CHER KHIANG	3,648,200	0.64
16	KONG CHEE SENG	2,700,000	0.47
17	TAI PEE TAH	2,508,000	0.44
18	UOB KAY HIAN PRIVATE LIMITED	2,457,500	0.43
19	TEXWELL INDUSTRIES PTE LTD	2,441,000	0.43
20	KUANG SHIHAO	2,368,250	0.41
	TOTAL	477,130,287	83.17

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	No. of Shares Direct	No. of Shares Deemed	Total	%
Chong Lai Leong, William	16,000,684	38,741,000(1)	54,741,684	9.54
Pacific Investments Pte Ltd	35,919,000	–	35,919,000	6.26
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

Note:

(1) The deemed interest in 38,741,000 shares includes:

i. 35,919,000 shares held by Pacific Investments Pte Ltd (wholly owned by Chong Lai Leong, William); and

ii. 2,822,000 shares held though United Overseas Bank Nominees (Private) Limited.

(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, 28.86% of the issued ordinary shares of the Company was held in the hands of the public as at 16 March 2015. The Company did not hold any treasury shares as at 16 March 2015.

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 Suite, Level 2, 24 Mount Elizabeth, Singapore 228518 on 27 April 2015 at 2pm for the following purposes:

As Ordinary Business

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2014 and the Reports of the Directors and the Auditors thereon. **(Resolution 1)**

2. To re-elect Mr Chong Fook Choy, Christopher who is retiring by rotation pursuant to Article 91 of the Company's Articles of Association. *[See Explanatory Note 1]* **(Resolution 2)**

3. To re-elect Mr Hudson Chua Jain who is retiring by rotation pursuant to Article 91 of the Company's Articles of Association. *[See Explanatory Note 2]* **(Resolution 3)**

4. To re-elect Ms Yeo Su-Lynn who is retiring by rotation pursuant to Article 91 of the Company's Articles of Association. *[See Explanatory Note 3]* **(Resolution 4)**

5. To approve the payment of Directors' fees of S$174,000/- for the financial year ending 31 December 2015 quarterly in arrears. (2014: S$174,000/-) **(Resolution 5)**

6. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

As Special Business

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

7. **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 4]* **(Resolution 7)**

8. **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 5] **(Resolution 8)**

9. 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
10 April 2015

Notice of Annual General Meeting

Explanatory Notes:

(1) **Resolution 2**

Mr Chong Fook Choy, Christopher will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating Committee and member of Audit and Remuneration Committees. The Board considers him to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

(2) **Resolution 3**

Mr Hudson Chua Jain will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee and a member of Remuneration Committee. The Board considers him to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

(3) **Resolution 4**

Ms Yeo Su-Lynn will, upon re-election as a Director of the Company, remain as the member of the Audit and Nominating Committees. The Board considers her to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

(4) **Resolution 7**

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 7 (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 7, 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 7, 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.

(5) **Resolution 8**

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.

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.

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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 Suite, Level 2, 24 Mount Elizabeth, Singapore 228518 on 27 April 2015 at 2 p.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 2014 and the Reports of the Directors and the Auditors thereon.		
Resolution 2	To re-elect Mr Chong Fook Choy, Christopher as a Director of the Company.		
Resolution 3	To re-elect Mr Hudson Chua Jain as a Director of the Company.		
Resolution 4	To re-elect Ms Yeo Su-Lynn as a Director of the Company.		
Resolution 5	To approve payment of Directors' Fees for financial year ending 31 December 2015 quarterly in arrears.		
Resolution 6	To re-appoint Messrs Ernst & Young LLP as auditors and authorise the Directors to fix their remuneration.		
	SPECIAL BUSINESS		
	Ordinary Resolutions:		
Resolution 7	To approve Share Issue Mandate.		
Resolution 8	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 ____________________ 2015

Total Number of Shares held in:	
CDP Register	
Register of Members	

____

Signature(s) of Member(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.

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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PACIFIC
HEALTHCARE
HOLDINGS

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