

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PACIFIC HEALTHCARE HOLDINGS LTD.

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Pacific Healthcare Holdings Ltd. (the "Company") and its subsidiaries (the "Group") as set out on pages 9 to 62, which comprise the balance sheets of the Group and the Company as at 31 December 2015 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and statement of changes in equity of the Company for the financial 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 (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 financial statements and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with Singapore Standards on Auditing. Because of the matters described in the Basis for Disclaimer of Opinion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

1. Going concern assumptions

As disclosed in the Note 2(a) to the financial statements, the Group incurred a loss of \$1,941,000 for the financial year ended 31 December 2015 and, as of that date, the Group and the Company were in net current liability position of \$6,534,000 and \$11,762,000 respectively, and in net liability position of \$2,115,000 and \$8,804,000 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.

The directors of the Company believe that the going concern basis of preparation of financial statements is appropriate, having considered that the Company's major shareholders have agreed to provide short-term shareholders' loan of approximately \$3 million after the balance sheet date. In addition, the Group is implementing new business strategies, including restructuring the Group's existing business to improve the existing earning base of the Group.

The ability of the Group and the Company to continue as going concerns also depend on the abilities of the Group and the Company to generate profit and positive cash flows from operations, extend the repayment period of the shareholders' loan and obtain additional shareholders' funding for its working capital requirements in the next twelve months.

The ability of the Group and the Company to remain as going concerns is therefore dependent on the above assumptions, which are premised on future events and market conditions, the outcome of which is inherently uncertain.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PACIFIC HEALTHCARE HOLDINGS LTD. (cont'd)

Report on the Financial Statements (cont'd)

Basis for Disclaimer of Opinion (cont'd)

1. Going concern assumptions (cont'd)

The financial statements have been prepared on the assumptions that the Group and the Company will continue as going concerns. If the Group and the Company are unable to continue in operational existence for the foreseeable future, and the Group and the Company may be unable to discharge their liabilities in the normal course of business, 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 in the balance sheets. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

In view of the material uncertainty in respect of the Group and Company's ability to continue as going concerns and the lack of sufficient appropriate audit evidence in confirming whether the major shareholders would continue to provide additional funding for the Group's working capital requirements, we were unable to conclude whether the use of the going concern assumptions in the preparation of these financial statements is appropriate.

2. Investment in subsidiary

As disclosed in Note 11 to the financial statements, the Company's subsidiary, PT Pacific Healthcare Services Indonesia ("PHSI") has ceased its operation during the year. The unaudited management accounts of PHSI were used to prepare the consolidated financial statements of the Group, as the audited financial statements of PHSI for the financial year ended 31 December 2015 are not available.

Total assets and total liabilities of PHSI included in the consolidated balance sheet of the Group as at 31 December 2015 amounted to \$262,000 and \$2,499,000 respectively. Revenue and net loss of PHSI included in the consolidated statement of comprehensive income of the Group for the financial year ended 31 December 2015 amounted to \$Nil and \$506,000 respectively.

We were unable to carry out the necessary audit procedures to satisfy ourselves as to the recoverability of the assets, and the validity and completeness of the liabilities of the subsidiary to determine whether any adjustments might be necessary in respect of the consolidated financial statements of the Group for the financial year ended 31 December 2015.

3. Share of results of associates

As disclosed in Note 12 to the financial statements, the unaudited management accounts of the Company's associate, Pacific Eldercare and Nursing Pte Ltd and its subsidiaries ("PEN Group") for the financial year ended 31 December 2015 were used for equity accounting in the consolidated financial statements of the Group.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PACIFIC HEALTHCARE HOLDINGS LTD. (cont'd)**

Report on the Financial Statements (cont'd)

Basis for Disclaimer of Opinion (cont'd)

3. Share of results of associates (cont'd)

The carrying amount of the Group's investment in PEN Group included in the investments in associates line item in consolidated balance sheet of the Group as at 31 December 2015 amounted to \$1,234,000. The share of net profit of PEN Group included in the share of results of associates line item in the consolidated statement of comprehensive income of the Group for the financial year ended 31 December 2015 amounted to \$254,000.

As the audit of the financial statements of PEN Group by the component auditor is still ongoing at the date of our report, we were unable to form an opinion as to whether the unaudited management accounts of PEN Group were in form and content appropriate and proper for the purpose of equity accounting in the consolidated financial statements of the Group.

Consequently, we were unable to determine whether any adjustments might be necessary in respect of the accompanying financial statements.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

Other Matter

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2014 were audited by another auditor whose report dated 31 March 2015 expressed an unqualified opinion on those financial statements with an emphasis of matter which draw attention to the material uncertainty with regards to the Group and the Company's ability to continue as going concerns.

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 subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

7 April 2016