

**FULLERTON HEALTHCARE
CORPORATION LIMITED**
(Incorporated in the Cayman Islands.
Registration No: 273542)
AND ITS SUBSIDIARIES

REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEARS ENDED
31 DECEMBER 2017**

FULLERTON HEALTHCARE CORPORATION LIMITED AND ITS SUBSIDIARIES

REPORT AND FINANCIAL STATEMENTS

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**FULLERTON HEALTHCARE CORPORATION LIMITED
AND ITS SUBSIDIARIES**

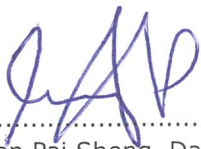
STATEMENT OF DIRECTORS

In the opinion of the directors, the consolidated financial statements and its accompanying notes of Fullerton Healthcare Corporation Limited and its subsidiaries (the "Group") as set out on pages 7 to 95 are drawn up so as to give a true and fair view of the financial position of the Group as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Group for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

On behalf of the board,



.....
Tan Kim Song Michael
Director



.....
Chan Pai Sheng, Daniel
Director

28 May 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FULLERTON HEALTHCARE CORPORATION LIMITED

Report on the Financial Statements

Opinion

We have audited the consolidated financial statements of Fullerton Healthcare Corporation Limited (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position of the group as at 31 December 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the group for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, as set out on pages 7 to 95.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance, consolidated changes in equity and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

FULLERTON HEALTHCARE CORPORATION LIMITED

Key Audit Matters	How the matter was addressed in the audit
Goodwill impairment	
Under IAS 36, the Group is required to test goodwill for impairment at least annually or when indicators exist. This assessment requires the exercise of significant judgement about future market conditions, including discount rates, annual growth rates and terminal growth rates. The aggregated goodwill of the Group amounted to \$355m which constituted 39% of the Group's total assets at 31 December 2017. No impairment was recognised for the year ended 31 December 2017. The key assumptions to the impairment test and the sensitivity of changes in these assumptions to the risk of impairment are disclosed in Note 15 'Goodwill and Intangible Assets' to the financial statements.	Our audit procedures focused on evaluating and challenging the key assumptions used by management in conducting the impairment review. These procedures included: • Understanding management's process and relevant controls over the preparation of the impairment analysis; • Using our valuation specialists to independently develop expectations for the key macro-economic assumptions used in the impairment analysis, in particular the discount rates, annual growth rates and terminal growth rates, and comparing the independent expectation to those used by management; • Challenging the cash flow forecasts used, with comparison to recent performance and management's expectations; and • Assessing the historical accuracy of the Group cash flow forecasts by comparing the actual results against previous cash flow forecasts.
Acquisition accounting	
The Group makes acquisitions as part of its business strategy to expand. The acquisitions made during the year warrant additional focus due to the magnitude of the transactions and the judgement and estimation involved in determining the fair value of the assets acquired and liabilities assumed and any separately identifiable intangible assets on acquisition during the purchase price allocation exercise performed by management and external valuers engaged by the Group. Information regarding the current year acquisitions is disclosed in Note 29 'Business Combinations'.	Our audit procedures focused on evaluating and challenging the key assumptions used by management in performing the purchase price allocation. These procedures included: • Reviewing the process in which management determines the acquisition accounting and the purchase price allocation; • Reading the sale and purchase agreement to identify terms and conditions impacting the purchase price allocation; • Challenging management's assumptions regarding the recognition of separately identifiable intangible assets; and • Using our valuation specialists to assess the methodology and key assumptions used by management for the significant acquisitions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FULLERTON HEALTHCARE CORPORATION LIMITED

Key Audit Matters	How the matter was addressed in the audit
Valuation of derivatives As detailed in Note 21 'Derivative Liabilities' and Note 26(f) 'Finance Risk Management' the Group has three types of derivative liabilities, totaling \$70m as at 31 December 2017: 1) Put options written to non-controlling interests; 2) A put option written to another shareholder in an associate entity; and 3) A derivative liability to a shareholder embedded within a compound financial instrument. Valuation of the derivatives is based on a number of assumptions, the key ones being the future performance of the underlying entities and the discount rates. We focused on these assumptions due to the inherent judgement involved in determining these assumptions.	Our audit procedures focused on evaluating and challenging the key assumptions used by management in performing the valuation of the derivatives. These procedures included: • Using our valuation specialists to independently develop expectations for the key macro-economic assumptions used in the valuation of the derivatives, in particular the discount rate and future performance of the underlying entities, and comparing the independent expectation to those used by management; and • Challenging the key assumptions in particular future performance and discount rates used, with comparison to recent performance, trend analysis and market expectation.
Prior year restatement As detailed in Note 2.2, in early 2018, it was brought to the attention of the Audit and Risk Committee that the recognition of actual costs incurred ("costs") by a subsidiary in the financial year ended 31 December 2016, amounting to \$6.5 million, were delayed in order to meet certain internal targets. The recognition of the costs has been corrected through the restatement of the prior year financial statements which resulted in losses before tax for the year ended 31 December 2016 and accruals as at 31 December 2016 to increase by \$6.5 million respectively. The Group produced a qualitative and quantitative analysis of the costs delayed in the prior year. There is a risk that the analysis performed by the Group was not complete and therefore did not identify all costs that were delayed in the prior year.	Our audit procedures focused on assessing the reasonableness and completeness of the Group's quantification of the prior year impact and disclosure in the financial statements. These procedures included: • Challenging and evaluating the Group's quantitative and qualitative analysis of costs that were delayed in the prior year; • Performing an independent assessment of the quantitative impact on the prior year financial statements; • Examining management's assessment on whether there were other instances of material omissions and/or misstatements of financial related information from the records of the Group in the current and two immediately preceding financial years; • Using our information technology specialists to oversee the extraction of data from the operational systems for the quantification of the cost delayed is complete; • Extending the perimeters used for our journal entry testing; and • Interviewing various senior management personnel and Directors to understand the Group's plans for remedial action. We assessed the disclosures made in the 31 December 2017 financial statements regarding the restatement and note the disclosure details the nature and impact of the misstatement and the Group's commitment to remedial action.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FULLERTON HEALTHCARE CORPORATION LIMITED

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Statement of Directors set out on page 1, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FULLERTON HEALTHCARE CORPORATION LIMITED

- b) Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chua How Kiat.

Deloitte & Touche LLP.

Public Accountants and
Chartered Accountants
Singapore

28 May 2018

**FULLERTON HEALTHCARE CORPORATION LIMITED
AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2017**

			Group	Restated*
	Note	2017	Restated*	As at
		\$'000	2016	1 January
			\$'000	2016
				\$'000
ASSETS				
Current assets				
Cash and bank deposits	9	58,544	19,829	38,082
Trade and other receivables	10	121,379	96,408	69,404
Inventories	11	4,118	2,624	2,003
Other current assets	12	17,405	11,693	25,176
Financial assets, at fair value through profit or loss	13	32,567	-	-
		<u>234,013</u>	<u>130,554</u>	<u>134,665</u>
Non-current assets				
Property, plant and equipment	14	73,637	57,587	38,075
Right of use asset	18	121,196	29,728	26,062
Goodwill	15(a)	354,911	262,047	231,978
Intangible assets	15(b),(c)	27,209	27,679	32,275
Investment in associates	16(b)	43,670	483	469
Other assets		388	388	388
Deferred tax assets	7	1,108	875	477
Financial assets, at fair value through profit or loss	13	43,568	-	-
		<u>665,687</u>	<u>378,787</u>	<u>329,724</u>
Total assets		<u>899,700</u>	<u>509,341</u>	<u>464,389</u>
LIABILITIES				
Current liabilities				
Trade and other payables	17	113,478	104,513	76,376
Current income tax liabilities		1,657	3,685	3,193
Lease liabilities	19	20,278	8,501	15,437
Bank borrowings	20	51,650	43,813	98,331
Derivative liabilities	21	31,021	-	-
		<u>218,084</u>	<u>160,512</u>	<u>193,337</u>
Non-current liabilities				
Bank borrowings	20	16,938	12,687	26,501
Lease liabilities	19	103,461	23,270	19,898
Deferred income tax liabilities	7	6,831	5,783	9,166
Other long-term liabilities	17,22	10,675	9,566	3,403
Senior unsecured guaranteed bonds	23	98,242	97,843	-
Derivative liabilities	21	39,234	-	-
		<u>275,381</u>	<u>149,149</u>	<u>58,968</u>
Total liabilities		<u>493,465</u>	<u>309,661</u>	<u>252,305</u>
NET ASSETS		<u>406,235</u>	<u>199,680</u>	<u>212,084</u>

The accompanying notes form an integral part of these financial statements.

* See Note 2.2 and 2.3 for details about the restatements.

**FULLERTON HEALTHCARE CORPORATION LIMITED
AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2017**

		<u>Group</u>		Restated*
	<u>Note</u>	2017	Restated*	As at 1
		\$'000	2016	January
			\$'000	2016
				\$'000
EQUITY				
Share capital, convertible shares and share premium	24(a)	297,520	253,321	210,873
Share option reserve	24(b)	5,665	8,477	11,673
Currency translation reserve		(5,917)	(961)	(5,088)
Other reserves	24(c)	(57,746)	(19,572)	-
Accumulated losses		(66,276)	(47,980)	(15,377)
Perpetual Securities	25	232,147	-	-
Perpetual Securities - Distribution	25	(8,345)	-	-
		397,048	193,285	202,081
Non-controlling interests		9,187	6,395	10,003
Total equity		406,235	199,680	212,084

The accompanying notes form an integral part of these financial statements.

* See Note 2.2 and 2.3 for details about the restatements.

**FULLERTON HEALTHCARE CORPORATION LIMITED
AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial years ended 31 December 2017**

		Group	Restated*
	<u>Note</u>	2017	2016
		\$'000	\$'000
Revenue	4	336,644	300,293
Other income	4	7,347	3,234
Expenses			
- Purchase of inventories, net of changes		(21,033)	(41,190)
- Cost of outsourced medical consultations		(131,572)	(111,646)
- Employee compensation	5	(104,981)	(76,514)
- Expenses relating to short-term leases	19	(1,670)	(1,494)
- Professional fees		(1,178)	(1,343)
- Repair and maintenance of equipment		(2,697)	(1,539)
- Impairment loss on trade receivables		(37)	-
- Others		(19,657)	(13,363)
Share of profit of associates	16	32	14
Depreciation of property, plant and equipment and right of use assets	14,18	(30,630)	(20,267)
Amortisation of intangible assets	15(b),(c)	(8,289)	(7,949)
Intangible assets written off	15(c)	(1,865)	-
Finance costs	6	(8,895)	(7,220)
Share-based compensation	5	-	(14,291)
Transaction costs from acquisitions of investments & post-acquisition integration expenses and listing expenses	8	(22,074)	(32,990)
Performance stock grant to the co-founders	5	(504)	(1,260)
Loss before income tax		(11,059)	(27,525)
Income tax expense	7(a)	(4,907)	(3,068)
Loss for the year		(15,966)	(30,593)

The accompanying notes form an integral part of these financial statements.

* See Note 2.2 and 2.3 for details about the restatements.

**FULLERTON HEALTHCARE CORPORATION LIMITED
AND ITS SUBSIDIARIES**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial years ended 31 December 2017

		Group	Restated*
	<u>Note</u>	2017	2016
		\$'000	\$'000
Loss for the year		(15,966)	(30,593)
Other comprehensive income (loss)			
for the year, net of tax:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		(4,159)	4,485
Total comprehensive loss for the year		(20,125)	(26,108)
(Loss) Profit attributable to:			
Owners of the Company		(18,296)	(32,603)
Non-controlling interests		2,330	2,010
		(15,966)	(30,593)
Total comprehensive (loss) income attributable to:			
Owners of the Company		(23,252)	(28,476)
Non-controlling interests		3,127	2,368
		(20,125)	(26,108)

The accompanying notes form an integral part of these financial statements.

* See Note 2.2 and 2.3 for details about the restatements.

**FULLERTON HEALTHCARE CORPORATION LIMITED
AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial years ended 31 December 2017**

Group	Note	Share capital \$'000	Share premium \$'000	Share option reserve \$'000	Convertible shares \$'000	Currency translation reserve \$'000	Other reserves \$'000	Perpetual bond \$'000	Accumulated Losses \$'000	Total \$'000	Non- controlling interests \$'000	Total equity \$'000
Balance at 1 January 2017		241	253,080	8,477	-	(961)	(19,572)	-	(47,980)	193,285	6,395	199,680
Transaction with owners												
Share option expense	5, 24(b)(iii)	-	-	504	-	-	-	-	-	504	-	504
Acquisition of subsidiaries	29	-	-	-	-	-	-	-	-	-	1,023	1,023
Dividend paid to non-controlling interests		-	-	-	-	-	-	-	-	-	(1,358)	(1,358)
Issuance of perpetual bond	25	-	-	-	-	-	-	232,147	-	232,147	-	232,147
Distribution to perpetual bond holders	25	-	-	-	-	-	-	(8,345)	-	(8,345)	-	(8,345)
Issuance of shares	24(a)	-	-	-	102,699	-	-	-	-	102,699	-	102,699
Share buyback	24(a)	(13)	(41,043)	-	-	-	-	-	-	(41,056)	-	(41,056)
Redemption of restricted share plans	24(a)	(4)	(17,440)	-	-	-	-	-	-	(17,444)	-	(17,444)
Employee share incentives	24(a)	-	-	(3,316)	-	-	(13,264)	-	-	(16,580)	-	(16,580)
Encashment	24(b)(i)	-	-	-	-	-	-	-	-	-	-	-
Transactions with non-controlling interest ("NCI")												
Put Options issued to NCI	21	-	-	-	-	-	(24,910)	-	-	(24,910)	-	(24,910)
Total comprehensive (loss) income for the year												
(Loss) Income for the year		-	-	-	-	-	-	-	(18,296)	(18,296)	2,330	(15,966)
Other comprehensive income for the year		-	-	-	-	(4,956)	-	-	-	(4,956)	797	(4,159)
Total		-	-	-	-	(4,956)	-	-	(18,296)	(23,252)	3,127	(20,125)
Balance at 31 December 2017		224	194,597	5,664	102,699	(5,917)	(57,746)	223,802	(66,276)	397,048	9,187	406,235

The accompanying notes form an integral part of these financial statements.

**FULLERTON HEALTHCARE CORPORATION LIMITED
AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial years ended 31 December 2017**

Group	Note	Share capital \$'000	Share premium \$'000	Share option reserve \$'000	Currency translation reserve \$'000	Other reserves	Accumulated losses \$'000	Total \$'000	Non- controlling interests \$'000	Total equity \$'000
Balance at 1 January 2016 (as previously reported)		215	210,658	11,673	(5,088)	-	(11,880)	205,578	10,003	215,581
Effect of adoption of new IFRS and other adjustments		-	-	-	-	-	(3,497)	(3,497)	-	(3,497)
Balance at 1 January 2016 (as restated)		215	210,658	11,673	(5,088)	-	(15,377)	202,081	10,003	212,084
<i>Transactions with owners</i>										
Conversion of redeemable convertible preference shares	24(c)	-	24,900	-	-	(19,572)	-	5,328	(5,328)	-
Vesting and issuance of shares under Restricted Share Plan	24(b)(ii)	26	18,722	(18,748)	-	-	-	-	-	-
Share option expense	5, 24(b)	-	-	15,552	-	-	-	15,552	-	15,552
Acquisition of subsidiaries	27	-	-	-	-	-	-	-	84	84
Dividend paid to non-controlling interests		-	-	-	-	-	-	-	(732)	(732)
Distribution to shareholders (Note A)		-	(1,200)	-	-	-	-	(1,200)	-	(1,200)
Put Options issued to NCI		-	-	-	-	-	-	-	-	-
<i>Total comprehensive (loss) income for the year</i>										
(Loss) Income for the year as previously reported		-	-	-	-	-	(24,174)	(24,174)	2,010	(22,164)
Effect of prior year restatement and other adjustments	2.2	-	-	-	-	-	(7,285)	(7,285)	-	(7,285)
Effect of adoption of new IFRS	2.3	-	-	-	-	-	(1,144)	(1,144)	-	(1,144)
Other comprehensive income for the year		-	-	-	4,127	-	-	4,127	358	4,485
Total		-	-	-	4,127	-	(32,603)	(28,476)	2,368	(26,108)
Balance at 31 December 2016		241	253,080	8,477	(961)	(19,572)	(47,980)	193,285	6,395	199,680

Note A

On 30 March 2016, the Directors of the Company approved a distribution to the shareholders amounting to \$1.2 million from share premium account. In lieu of a cash payment of the distribution, the amount was applied to discharge the amounts due from shareholders of the same amount.

The accompanying notes form an integral part of these financial statements.

**FULLERTON HEALTHCARE CORPORATION LIMITED
AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS
For the financial years ended 31 December 2017**

	2017	Restated*
	\$'000	2016
		\$'000
Cash flows from operating activities		
Net loss	(15,966)	(30,593)
Adjustments for:		
- Income tax expense	4,907	3,068
- Share-based compensation	-	14,291
- Performance stock grant to the co-founders	504	1,260
- Impairment of trade receivables	37	-
- Depreciation of property, plant and equipment and right of use assets	30,630	20,267
- Amortisation of intangible assets	8,289	7,949
- Finance costs	8,895	7,220
- Interest income	(1,686)	(223)
- Fair value gain on financial assets at fair value through profit or loss	(3,777)	-
- Property, plant and equipment written off	59	(974)
- Intangible assets written off	1,865	-
- Transaction costs arising from acquisition of investments & post-acquisition integration expenses and listing expenses	22,074	32,990
- Share of profits from associates	(32)	(14)
	<u>55,799</u>	<u>55,241</u>
Changes in working capital:		
- Trade and other receivables	(22,647)	(26,217)
- Other current assets	(1,996)	(2,260)
- Inventories	(1,526)	(184)
- Trade and other payables	13,219	30,471
Cash generated from operations	<u>42,849</u>	<u>57,051</u>
Income tax paid	(5,232)	(5,188)
Net cash provided by operating activities	<u>37,617</u>	<u>51,769</u>
Cash flows from investing activities		
Additions to property, plant and equipment (Note B)	(19,962)	(33,974)
Additions to intangible assets (Note B)	(4,216)	(1,673)
Interest received	1,448	223
Deposit refunded for acquisition deals not completed	-	14,697
Acquisition of subsidiaries, net of cash acquired (Note A)	(111,628)	(29,180)
Investment in associate	(26,666)	-
Investment in financial assets at fair value through profit or loss	(72,567)	-
Transaction costs arising from acquisition of investments & certain post acquisition integration expenses and listing expenses	(36,279)	(31,708)
Net cash used in investing activities	<u>(269,870)</u>	<u>(81,615)</u>

* See Note 2.2 and 2.3 for details about the restatements.

**FULLERTON HEALTHCARE CORPORATION LIMITED
AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
For the financial years ended 31 December 2017**

	2017	Restated*
	\$'000	2016
		\$'000
Cash flows from financing activities		
Interest paid	(5,968)	(6,528)
Pledged deposits received	-	6,392
Dividends paid to non-controlling interests	(1,358)	(732)
Repayments of lease liabilities	(13,439)	(16,939)
Repayment of bank borrowings	(34,413)	(106,332)
Proceeds from bank borrowings	46,500	38,000
Proceed from issue of shares	135,866	-
Cost of issuance of shares	(4,586)	-
Redemption of restricted share plans	(17,444)	-
Redemption of share options plan	(16,580)	-
Proceeds from issue of perpetual securities	236,097	-
Cost of issuance of perpetual securities	(3,950)	-
Distribution to perpetual bond holders	(8,345)	-
Proceeds from issue of bond	-	100,000
Cost of issuance of bond	-	(2,315)
Share buyback	(41,056)	-
Net cash provided by financing activities	271,324	11,546
Net increase (decrease) in cash and cash equivalents	39,071	(18,300)
Cash and cash equivalents at beginning of the financial year	19,829	38,082
Foreign currency translation impact (non-cash)	(356)	47
Cash and cash equivalents at end of the financial year	58,544	19,829

Note A

During the year, the Group paid a total of \$111,628,000 (2016: \$29,180,000) for the acquisition of subsidiaries of which \$92,630,000 (2016: \$15,412,000) relates to payment for current period acquisition of subsidiaries, and \$18,998,000 (2016: \$13,768,000) relates to deferred consideration payments to vendors for acquisition of subsidiaries in prior years.

Note B

During the year, the Group acquired property, plant and equipment with an aggregate cost of \$19,962,000 (2016: \$31,048,000) of which \$4,452,000 (2016: \$111,000) remains accrued at year end. The Group paid a total of \$19,962,000, which included amount accrued in prior years of \$111,000 (2016: \$3,037,000).

During the year, the Group acquired intangible assets – in house software with an aggregate cost of \$4,937,000 (2016: \$1,673,000) of which \$721,000 (2016: nil) remains accrued at year end. The Group paid a total of \$4,216,000 during the year.

* See Note 2.2 and 2.3 for details about the restatements.

**FULLERTON HEALTHCARE CORPORATION LIMITED
AND ITS SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
For the financial years ended 31 December 2017

Note C

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Beginning of the year	Interest paid	Financing cash flows (i)	Additions	Non-cash changes		Interest payable	End of the year
	S\$'000	S\$'000	S\$'000	S\$'000	Fair value/ interest	Amortisation borrowing costs	S\$'000	S\$'000
Bank loans (Note 20)	56,500	(1,162)	12,088	-	-	-	1,162	68,588
Lease liability (Note 19)	31,711	(3,118)	(13,439)	105,467	3,118	-	-	123,739
Senior unsecured bonds	97,843	(1,688)	-	-	3,376	399	-	99,930
Derivative financial liabilities (Note 21)	-	-	-	69,785	470	-	-	70,255
	<u>186,054</u>	<u>(5,968)</u>	<u>(1,351)</u>	<u>175,252</u>	<u>6,964</u>	<u>399</u>	<u>1,162</u>	<u>362,512</u>

- (i) The cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

The accompanying notes form an integral part of these financial statement

**FULLERTON HEALTHCARE CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO FINANCIAL STATEMENTS

As at 31 December 2017

1. GENERAL INFORMATION

The Company is incorporated and domiciled in the Cayman Islands. Its principal place of business is at Finexis Building, 108 Robinson Rd, Singapore 068900. The address of its registered office is Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, KY1-1205, Cayman Islands.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are the provision of managed care and network management services, primary care services and diagnostics, speciality health and ancillary services. Managed care and network management services comprise medical benefits management services, a healthcare administrative toolkit that supplements other service offerings, and call centre services. Primary care services comprise primary care operations, executive health screening and occupational health services. Diagnostics, speciality health and ancillary services comprise medical diagnostic imaging services, medical specialist services, which currently includes cardiology and general surgery services, physiotherapy services, dental services and medical assistance and evacuation services.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

**FULLERTON HEALTHCARE CORPORATION LIMITED
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NOTES TO FINANCIAL STATEMENTS

As at 31 December 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

The preparation of financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed in Note 3.

2.2 Prior year restatement

In early 2018, information was brought to the Audit and Risk Committee's ("ARC") attention that indicated the recognition of actual costs incurred by a subsidiary were delayed in respect of the Financial Year ended 31 December 2016, amounting to approximately \$6.5 million, in order to meet certain internal targets. The recognition of the costs has been corrected through the restatement of the 31 December 2016 financial results; which resulted in losses before tax increasing by the same amount during that year.

The ARC commissioned an internal review to determine whether there were other instances of material omissions and/or misstatements of financial related information from the records of the Group in the current and two immediately preceding financial years. No such instances have been identified. The Board of Directors is currently overseeing remedial action to improve internal controls over financial reporting and is fully committed to ensure no material omissions and/or misstatements occur.

Consolidated Income Statement

For the financial year ended 31 December 2016	Impact of prior year restatement		
	As previously reported*	Restatement	As restated before adoption of new IFRS (Note 2.3)
	S\$'000	S\$'000	S\$'000
Expenses			
Cost of outsourced medical consultations	(106,365)	(6,595)	(112,960)
Loss before income tax	(19,786)	(6,595)	(26,381)
Income tax	(4,189)	1,121	(3,068)
Loss for the year	(23,975)	(5,474)	(29,449)

*As previously reported includes immaterial adjustments

**FULLERTON HEALTHCARE CORPORATION LIMITED
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NOTES TO FINANCIAL STATEMENTS

As at 31 December 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Prior year restatement (continued)

Consolidated Balance Sheet

For the financial year ended 31 December 2016	Impact of prior year restatement		
	As previously reported*	Restatement	As restated before adoption of new IFRS
			(Note 2.3)
	S\$'000	S\$'000	S\$'000
Trade and other payables	97,918	6,595	104,513
Current income tax liabilities	4,806	(1,121)	3,685

*As previously reported includes immaterial adjustments

The restatement to the consolidated statements of cash flows for the year ended 31 December 2016 is not material as the restatement reclassifies amounts within cash flows from operating activities.

2.3 Changes in accounting policies

Early adoption of IFRS 15 Revenue from Contracts with Customers

In the current year, the Group has applied IFRS 15 *Revenue from Contracts with Customers* (as amended in April 2016) ("IFRS 15") in advance of its effective date. IFRS 15 introduces a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of these new requirements as well as their impact on the Group's consolidated financial statements are described below.

The Group has applied IFRS 15 in accordance with the fully retrospective transitional approach without using the practical expedients for completed contracts in IFRS 15.C5(a), and (b), or for modified contracts in IFRS 15.C5(c) but using the expedient in IFRS 15.C3(d) allowing both non-disclosure of the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount as revenue for all reporting periods presented before the date of initial application, i.e. 1 January 2017.

The Group's accounting policies for its revenue streams are disclosed in detail in Note 2.3 below. Apart from providing more extensive disclosures on the Group's revenue transactions, the application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Group. The amount of adjustment for each financial statement line item affected by the application of IFRS 15 for the current and prior years is illustrated below.

**FULLERTON HEALTHCARE CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO FINANCIAL STATEMENTS

As at 31 December 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policies (continued)

Early adoption of IFRS 16 Leases

The Group has applied IFRS 16 with a date of initial application of 1 January 2017. As a result, the Group has changed its accounting policy for lease contracts as detailed below.

The Group has applied IFRS 16 using the fully retrospective approach. The details of the changes in accounting policies are disclosed below.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4 *Determining whether an Arrangement contains a Lease* ("IFRIC 4"). Under IFRIC 4, the Group assessed a lease based on the assessment of whether:

- a) fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- b) the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
 - (i) the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output of the asset;
 - (ii) the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
 - (iii) facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output or other utility that will be produced or generated by the asset during the term of the arrangement, and the price that the purchaser will pay for the output is neither contractually fixed per unit of output nor equal to the current market price per unit of output as of the time of delivery of the output.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied the definition of a lease under IFRS 16 to contracts entered into or modified on or after 1 January 2017.

**FULLERTON HEALTHCARE CORPORATION LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS
As at 31 December 2017**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policies (continued)

As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases- i.e. these leases are on-balance sheet.

The Group decided to apply the recognition exemptions to short-term leases of machinery and leases of IT equipment. For leases of other assets, which were classified as operating under IAS 17, the Group recognised right-of-use assets and lease liabilities.

For leases that were not covered by the recognition exemptions under IFRS 16, the Group recognised right-of-use assets and lease liabilities measured under IFRS 16.

The Group's accounting policies for its leases are disclosed in detail in Note 2.8 below.

Early adoption of IFRS 9 Financial Instruments

In the current year, the Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRSs in advance of their effective dates. IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment for financial assets and 3) general hedge accounting. Details of these new requirements as well as their impact on the Group's consolidated financial statements are described below.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost;
- debt investments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are subsequently measured at fair value through profit or loss (FVTPL).

**FULLERTON HEALTHCARE CORPORATION LIMITED
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NOTES TO FINANCIAL STATEMENTS

As at 31 December 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policies (continued)

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies in other comprehensive income; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

In the current year, the Group has not designated any debt investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain or loss previously recognised in other comprehensive income is not subsequently reclassified to profit or loss.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

The directors of the Company reviewed and assessed the Group's existing financial assets as at 1 January 2017 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Group's financial assets as regards their classification and measurement:

- financial assets that were measured at FVTPL under IAS 39 continue to be measured as such under IFRS 9.

In relation to the impairment of financial assets, IFRS 9 requires the adoption of an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The Group has accounted for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. The change in model did not have a material impact to the financial statements.

There are no significant changes in classification of the Group's financial assets upon application of IFRS 9.

None of the other reclassifications of financial assets have had any impact on the Group's financial position, profit or loss, other comprehensive income or total comprehensive income for both years.

**FULLERTON HEALTHCARE CORPORATION LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS
As at 31 December 2017**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policies (continued)

Summary of financial impact

The change in accounting policy and reclassification of expense line items were applied retrospectively and the effects on the Group's prior year reported financial balances arising from the adoption of IFRS 9, IFRS 15 and IFRS 16 are as follows:

Consolidated Income Statement

For the financial year ended 31 December 2016	Impact of changes in accounting policy			
	As previously reported *restated (note 2.2)	Adoption of IFRS 15	Adoption of IFRS 16	As restated
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	302,339	(2,046)	-	300,293
Expenses				
- Cost of outsourced medical consultations	(112,960)	1,314	-	(111,646)
- Allowance for doubtful receivables	(465)	465	-	-
- Rental of operating leases	(11,615)	-	10,121	(1,494)
Depreciation of property, plant and equipment and right of use assets	(10,579)	-	(9,688)	(20,267)
Finance costs	(5,910)	-	(1,310)	(7,220)
Loss before income tax	(26,381)	(267)	(877)	(27,525)
Loss for the year	(29,449)	(267)	(877)	(30,593)

**FULLERTON HEALTHCARE CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO FINANCIAL STATEMENTS

As at 31 December 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policies (continued)

Consolidated Balance Sheet

For the financial year ended 31 December 2016	Impact of changes in accounting policy			1 January 2016 as restated
	1 January 2016 as previously reported*	Adoption of IFRS 15	Adoption of IFRS 16	
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Trade and other receivables	69,671	(267)	-	69,404
Non-current assets				
Right of use asset	-	-	26,062	26,062
Total assets	438,594	(267)	26,062	464,389
LIABILITIES				
Current liabilities				
Finance Lease liabilities	8,155	-	(8,155)	-
Lease liabilities	-	-	15,437	15,437
Non-current liabilities				
Finance Lease liabilities	8	-	(8)	-
Lease liabilities	-	-	19,898	19,898
Total liabilities	225,133	-	27,172	252,305
NET ASSETS	213,461	(267)	(1,110)	212,084
EQUITY				
Accumulated losses	(14,000)	(267)	(1,110)	(15,377)
Total equity	213,461	(267)	(1,110)	212,084

*As previously reported includes immaterial adjustments

**FULLERTON HEALTHCARE CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO FINANCIAL STATEMENTS

As at 31 December 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policies (continued)

Consolidated Balance Sheet (continued)

	Impact of changes in accounting policy			
	31 December 2016 as previously reported*			
For the financial year ended 31 December 2016	restated (note 2.2)	Adoption of IFRS 15	Adoption of IFRS 16	As restated
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Trade and other receivables	96,942	(534)	-	96,408
Non-current assets				
Right of use asset	-	-	29,728	29,728
Total assets	480,147	(534)	29,728	509,341
LIABILITIES				
Current liabilities				
Finance lease liabilities	21	-	(21)	-
Lease liabilities	-	-	8,501	8,501
Non-current liabilities				
Finance lease liabilities	36	-	(36)	-
Lease liabilities	-	-	23,270	23,270
Total liabilities	277,947	-	31,714	309,661
NET ASSETS	202,200	(534)	(1,986)	199,680
EQUITY				
Accumulated losses	(45,460)	(534)	(1,986)	(47,980)
Total equity	202,200	(534)	(1,986)	199,680

*As previously reported includes immaterial adjustments

The restatement to the consolidated statements of cash flows relating to adoption of IFRS 15 is not material as the restatement reclassifies amounts within cash flows from operating activities.

The restatement to the consolidated statements of cash flows relating to adoption of IFRS 16 for the year ended 31 December 2016 increased net cash provided by operating activities by \$10,121,000 and decreased net cash provided by financing activities by the same amount.

**FULLERTON HEALTHCARE CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO FINANCIAL STATEMENTS

As at 31 December 2017

2.4 Revenue from Contracts with Customers

The Group recognises revenue from the following major sources:

(a) Managed care and network management services

The Group generally enters into two types of fee arrangements under its client contracts for Managed care and network management services; fee-for-services and capitation plans.

Under our fee-for-services plans, corporate and insurer clients agree to pay a range of pre-determined rates for certain services utilised based on the type of healthcare service, such as general practice consultations, specialist consultations or physiotherapy treatments, and are charged separately for medication and other related medical services such as imaging and laboratory tests. The Group acts as the primary obligor in providing healthcare services and the Group retains control over the services provided through its network of panel clinics. Our services for each patient visit under this arrangement, including provision of medical services, adjudication and claims processing are highly interrelated. Therefore, the services are combined to form one performance obligation for each patient visit. Revenue is recognized over time up to the submission of the claim to the client and is measured based on the costs incurred, which are largely costs incurred in provision of the medical services. We believe that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

The corporate and insurer clients are billed for patient services on an individual patient basis through consolidated claims. These claims are subject to adjustment in the ordinary course of business by the clients, in consultation with us, following their review. Our revenue from fee-for-service plans therefore contain variable consideration and we recognise revenue net of these implicit price concessions (credits) that may be provided to the clients subject to the finalisation of their review of the submitted claims. We estimate the implicit price concessions based on historical collection trends for these clients and other factors that affect the estimation process. The revenue is typically recognised in full as it is highly probable that a significant reversal will not occur as a result of the variable consideration.

Payment terms for the fee-for-service plans typically call for payment within 30-60 days of satisfaction of the performance obligation. Prior to the adoption of IFRS 15, a portion of our provision for doubtful receivables related to amounts owed to us by our corporate and insurer clients. Under IFRS 15, the estimated uncollectable amounts due from these patients are generally considered implicit price concessions that are a direct reduction to revenues, with a corresponding reduction in the amounts presented separately as provision for doubtful receivables.

A trade receivable is recognised by the Group when the performance obligations are fulfilled as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. A contract asset (accrued revenue) is recognised for performance obligations that are yet to be fully satisfied to represent the Group's right to consideration for the services transferred to date. Any amount previously recognised as a contract asset (accrued revenue) is reclassified to trade receivables at the point at which it is invoiced to the client.

**FULLERTON HEALTHCARE CORPORATION LIMITED
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NOTES TO FINANCIAL STATEMENTS

As at 31 December 2017

2.4 Revenue from Contracts with Customers (continued)

(a) *Managed care and network management services* (continued)

Prior to 1 July 2016 the Group's managed care and network management services also included a capitation model. Capitation was a payment methodology from some of our insurer and corporate clients under which we received a fixed amount per person to provide healthcare services to a specified population of patients, for a specified time period. We were paid a fixed amount per person regardless of whether that person received services or not. Our performance obligation under the capitation model was to stand ready to provide services during the stipulated time period. Revenue from this stand ready performance obligation was recognised over time based on the time elapsed.

(b) *Primary Care Services*

The Group offers primary care services and other related services such as executive health screening services and occupational health services. In relation to these services provided to our corporate and insurer clients, revenue recognition is consistent with managed care and network management services. For services to the public at large, the performance obligation is typically satisfied at a point in time when the individual service is performed for each patient visit and payment is due or received immediately.

Included in primary care is a retainer plan revenue stream. Under our retainer plans, our performance obligation is the provision of healthcare management services and we receive a fixed fee during a specified period. Revenue under the retainer plan is recognised over time based on the time elapsed. Payment for retainer plans is typically due on a monthly basis.

(c) *Diagnostics, Specialty and Ancillary care services*

The Group provides medical diagnostic imaging services; medical specialist services, which currently include, among others, cardiology, general surgery services and orthopaedic surgery; physiotherapy services; dental services; pharmaceutical services; and medical assistance and evacuation services. These services are complementary to our managed care and network management services and may be offered to our corporate and insurer clients as well as to the public at large. In relation to these services provided to our corporate and insurer clients, revenue recognition is consistent with managed care and network management services. For services to the public at large, the performance obligation is typically satisfied at a point in time when the individual service is performed for each patient visit and payment is due or received immediately.

In determining whether the Group is acting as a principal or agent in each of its contractual arrangements the Group considers the requirements of IFRS 15 and the accompanying guidance to the Standard.

Under majority of the Group's service agreements, the Group recognises revenue on a gross basis as:

- (a) it maintains control over the provision of services through the control of network of panel clinics; and
- (b) the Group acts as the primary obligor in providing healthcare services.

**FULLERTON HEALTHCARE CORPORATION LIMITED
AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS
As at 31 December 2017**

2.4 Revenue from Contracts with Customers (continued)

In other service agreements whereby the Group operates as an agent, the Group recognises revenue on a net basis, being the net fee accruing to the Group.

2.5 Finance income

Finance income comprises interest income from bank deposits and investments. Interest income is recognised using the effective interest method.

2.6 Group accounting

(a) *Subsidiaries*

(i) *Consolidation*

The consolidated financial statements incorporate the financial statements of the company and entities (including structured entities) controlled by the company and its subsidiaries. Control is achieved when the company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

- The size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

**FULLERTON HEALTHCARE CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO FINANCIAL STATEMENTS

As at 31 December 2017

2.6 Group accounting (continued)

(a) *Subsidiaries* (continued)

(i) *Consolidation* (continued)

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the company gains control until the date when the company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the group's accounting policies.

(ii) *Acquisition*

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets - Goodwill" for the subsequent accounting policy on goodwill.

**FULLERTON HEALTHCARE CORPORATION LIMITED
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**NOTES TO FINANCIAL STATEMENTS
As at 31 December 2017**

2.6 Group accounting (continued)

(a) *Subsidiaries* (continued)

(iii) *Disposals*

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss.

(b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any NCI and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset at fair through profit or loss depending on the level of influence retained.

When the Group writes a put with the non-controlling shareholder in an existing subsidiary on their equity interests in that subsidiary and the put option granted to the non-controlling shareholders provides for settlement in cash or in another financial asset by the Group, then the Group recognises a liability for the present value of the exercise price of the option. Subsequent to initial recognition of the financial liability, the Group has adopted an accounting policy choice to recognise the changes in the carrying amount of the financial liability in profit or loss.

NCI have present access to the returns associated with the underlying ownership interests, the Group has elected the present access method to account for the NCI. Under the present-access method, the interest of non-controlling shareholders that hold the written put option are not derecognised when the financial liability is recognised. NCI has present access to the returns that are the subject of the put option.

If the put option expires unexercised, then the put liability is reversed against the other equity.

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2.7 Employee compensation

(a) *Defined contribution plans*

The Group's contributions to defined contribution plans are recognised as employee compensation expense when the contributions are due, unless they can be capitalised as an asset.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of each reporting period.

(c) *Share-based compensation*

The Group operates a share-based compensation plan. For equity-settled share-based compensation plan, the fair values of the employee services received in exchange for the grant of share options, performance shares and share appreciation rights on the ordinary shares are recognised as an expense with a corresponding increase in the share option reserve over the vesting period.

The total amount to be recognised over the vesting period is determined by reference to the fair values of the options, performance shares and share appreciation rights granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options and performance shares that are expected to become exercisable on the vesting date. At the end of each reporting period, the Group revises its estimates of the number of shares under options and performance shares that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

Share options are granted to directors and to employees with more than one year of service. When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account when new ordinary shares are issued, or to the "treasury shares" account when treasury shares are re-issued to the employees.

Performance shares are granted to certain directors and employees. When the performance shares are released, the related balance previously recognised in the share option reserve is credited to share capital account, when new ordinary shares are issued, or to the treasury shares account, when treasury shares are re-issued to the employees.

For cash-settled share-based payments, the fair value of the employee services received in exchange for the grant of share options, performance shares and share appreciation rights is recognised as an expense in the income statement with a corresponding increase in the liability over the vesting period. Until the liability is settled, it is re-measured at each reporting date with changes in fair value recognised in profit or loss.

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2.8 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In cases where all the decisions about how and for what purpose the asset is used are predetermined, the Group has the right to direct the use of the asset if either:
 - the Group has the right to operate the asset; or
 - the Group designed the asset in a way that predetermines how and for what purpose It will be used.

The Group has applied this approach to contracts entered into or changed on or after 1 January 2017. The Group's approach to other contracts is explained in Note 2.

At inception or on reassessment of a contract that contains a lease and non-lease component, the Group allocates the consideration in the contract to each lease component and aggregate of non-lease components on the basis of their relative stand-alone prices. However, for the leases of clinic and office space in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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2.8 Leases

Useful lives

Clinic and office space

3 to 10 years

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in the lease term, a change in the assessment of the option to purchase the underlying asset, a change in future lease payments arising from a change in an index or rate, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of IT equipment that has a lease term of 12 months or less and leases of all low-value assets. The Group recognizes the lease payments associate with these leases as an expense on a straight-line basis over the lease term.

2.9 Borrowing costs

Interest expense are recognised in profit or loss using the effective interest method.

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2.10 Income taxes

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis and includes all costs in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of the business, less applicable variable selling price.

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2.12 Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	<u>Useful lives</u>
Office furniture, fittings and equipment	1 to 20 years
Shop premises	40 to 66.67 years
Renovation	3 to 40 years
In-house software	4 to 8 years
Motor vehicles	4 to 5 years

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

2.13 Investment in associate

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the group's share of the profit or loss and other comprehensive income of the associate. When the group's share of losses of an associate exceeds the group's interest in that associate (which includes any long-term interests that, in substance, form part of the group's net investment in the associate), the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate.

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2.13 Investment in associate

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. The initial cost of the investment also includes the fair value of put options granted to other corporate investors in the associate entity. A corresponding liability is recognised in the consolidated statement of financial position.

Any excess of the group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IFRS 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the group retains an interest in the former associate and the retained interest is a financial asset, the group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the group reduces its ownership interest in an associate but the group continues to use 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 reclassified to profit or loss on the disposal of the related assets or liabilities.

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2.13 Investment in associate

When a group entity transacts with an associate of the group, profits and losses resulting from the transactions with the associate are recognised in the group's consolidated financial statements only to the extent of interests in the associate that are not related to the group.

2.14 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold.

(b) Customer relationships, branding and book order

Customer relationships, branding and book order acquired as part of business combinations are initially recognised at their fair values at the acquisition date and are subsequently carried at cost (i.e. the fair values at initial recognition) less accumulated amortisation and accumulated impairment losses.

These costs are amortised to profit or loss using the straight-line method over their estimated useful lives as follows:

	<u>Useful lives</u>
Customer relationships	3 to 5 years
Branding	10 years
Book order	3 years

The amortisation period and amortisation method of intangible assets other than goodwill will be reviewed at least at the end of each reporting period. The effects of any revision of the amortisation period or amortisation method are included in profit or loss for the financial period in which the changes arise.

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2.15 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

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2.15 Impairment of non-financial assets

- (b) *Intangible assets*
 Property, plant and equipment
 Investments in subsidiaries and associates

Intangible assets, property, plant and equipment and investments in subsidiaries and associates are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed if, and 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. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.16 Loans and receivables
 Bank deposits
 Trade and other receivables

Bank deposits and trade and other receivables are initially recognised at their fair values plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

These assets are presented as current assets except for those that are expected to be realised later than 12 months after the balance sheet which are presented as non-current assets.

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2.17 Fair value through profit or loss

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near future; or
- On initial recognition, it is part of an identified portfolio of financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and FRS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in 'other gains and losses' line in the statement of profit or loss and other comprehensive income.

2.18 Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

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2.18 Impairment of financial assets (continued)

Specifically, IFRS 9 requires the Group to recognise a loss allowance for expected credit losses ("ECL") on i) debt investments subsequently measured at amortised cost or at FVTOCI, ii) lease receivables, iii) contract assets and iv) loan commitments and financial guarantee contracts to which the impairment requirements of IFRS 9 apply. In particular, IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12 months ECL. IFRS 9 also provides a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

As at 1 January 2017, the directors of the Company reviewed and assessed the Group's existing financial assets, amounts due from customers and financial guarantee contracts for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of IFRS 9 to determine the credit risk of the respective items at the date they were initially recognised, and compared that to the credit risk as at 1 January 2016 and 1 January 2017. The directors have determined that there are no significant changes in the Group's financial assets for early adopting IFRS 9.

2.19 Trade and other payables

Trade and other payables represent unpaid liabilities for goods and services provided to the Company prior to the end of financial year. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as noncurrent liabilities.

Trade and other payables are initially recognised at their fair values, and subsequently carried at amortised cost, using the effective interest method.

2.20 Contingent consideration

Consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement are measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

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2.21 Compound instruments

The component parts of compound instruments issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument. At the date of issue, the fair value of the liability component is estimated, any embedded derivative components are separated and recorded at fair value as derivative financial liabilities in the consolidated statement of financial position.

Transaction costs that relate to the issue of the compound instruments are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component, if held at amortised cost, are included in the carrying amount of the liability component and are amortised over the life of the convertible notes using the effective interest method. Transaction costs relating to a liability component held at fair value through profit or loss are expensed as incurred.

2.22 Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowing using the effective interest method.

Borrowing is presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of each reporting period.

2.23 Cash and cash equivalents

For the purpose of presentation in the cash flow statement, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts.

2.24 Currency translation

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

Transactions in currencies other than the entity's functional currency are translated into Singapore Dollar using the exchange rates prevailing at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of each reporting period are recognised in profit or loss.

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2.24 Currency translation (continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.25 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts, due to their relatively short term maturities or that they bear market based interest rates.

2.26 Share capital

Ordinary shares, and convertible shares are classified as equity when there is no contractual obligation to deliver cash or other financial assets to another person or entity or to exchange financial assets or liabilities with another person or entities that are potentially unfavourable to the issuer. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Incremental costs directly attributable to the issue of new ordinary or redeemable preference shares are shown in equity as a deduction, net of tax, from proceeds. The proceeds received net of any directly attributable transactions costs are credited to share capital.

2.27 Perpetual securities

Perpetual securities that do not have a maturity date and for which the Company is able to elect to defer making a distribution, subject to the terms and conditions of the securities issued, are not considered to have a contractual obligation to make principal repayments or distributions and are presented within equity. Distributions are treated as dividends which will be directly debited from equity. Incremental costs directly attributable to the issue of the perpetual securities are deducted against the proceeds from the issue.

2.28 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 the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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2.28 Provisions (continued)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.29 Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

2.30 Segment Reporting

For management purposes, the Group is organised into operating segments based on their services and geographical regions which are managed by respective segment managers responsible for the performance of the respective segment under their charge. The segment or department managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

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3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates, assumptions and judgement concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of goodwill

Goodwill is tested for impairment annually in accordance with the accounting policy stated in Note 2.11(a). The recoverable amount of the cash-generating unit is determined based on value-in-use calculation. The value-in-use calculation requires the Group to make an estimate of the expected future cash flows from the cash-generating units, taking into account market evidence to support the key assumptions, where appropriate and also to use an appropriate discount rate to determine the present value of those cash flows. Details of the management's judgement and assumptions are disclosed in Note 15(a). Management expects that any reasonable change in the key assumptions on which the recoverable amounts are based would not cause the carrying amounts of goodwill to exceed their recoverable amounts.

(ii) Customer relationships, branding and book order

The valuation of the customer relationships, branding and book order are arrived at using the Income Approach. This approach requires an estimation of the expected future cash flows that will be generated and the appropriate discount rates applied to determine the present value of those cash flows. Details of the estimates used are disclosed in Note 15(b).

(iii) Valuation of derivatives

The group has granted put options to non-controlling interests and a corporate investor of one of its associates.

In estimating the fair value of derivatives, the group used market-observable data to the extent possible. Where Level 1 inputs are not available, the group prepares its own valuation with key estimates being the discount rate and future performance of these entities, whilst considering recent performance, trend analysis and market expectation.

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4. REVENUE AND OTHER INCOME

	<u>Group</u>	<u>Restated</u>
	2017	2016
	\$'000	\$'000
Revenue from contracts with customers	336,644	300,293

(a) Disaggregation of revenue from contracts with customers

The Group derives its revenue from the transfer of goods and services in the following major product lines. This is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 (see Note 8):

	<u>Group</u>	<u>Restated</u>
	2017	2016
	\$'000	\$'000
Segment Revenue		
- Managed care and network management services	153,509	152,821
- Primary care services	114,581	86,395
- Diagnostics, speciality and ancillary Services	96,242	81,914
- Intersegment elimination	(27,688)	(20,837)
	336,644	300,293

(b) Other income

	<u>Group</u>	<u>Restated</u>
	2017	2016
	\$'000	\$'000
Other income		
- Interest income on bank balances	1,686	223
- Fair value gain on financial assets at fair value through profit or loss	3,777	-
- Rental income	115	482
- (Loss)/Gain on disposal of property, plant and equipment	(59)	974
- Others	1,828	1,555
	7,347	3,234

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5. EMPLOYEE COMPENSATION

	Group	
	2017	2016
	\$'000	\$'000
Wages and salaries	88,161	66,403
Employer's contribution to defined contribution plan including Central Provident Fund	7,623	6,149
Other staff benefits	9,197	3,962
	<u>104,981</u>	<u>76,514</u>
Share-based compensation (Note A)	-	14,291
Performance stock grant to the co-founders	504	1,260
	<u>105,485</u>	<u>92,065</u>

Note A: In 2016, includes \$8,257,000 of accelerated share-based compensation expense due to the early vesting of employee share options and restricted shares (Note 24(b)(i) and (ii)).

6. FINANCE COSTS

	Group	
	2017	Restated 2016
	\$'000	\$'000
Interest expense:		
- Bank loans	1,833	3,156
- Bond (including amortisation of deferred financing charges)	3,775	1,846
- Lease liabilities (Note 19)	3,118	1,526
- Unwinding of present value of contingent consideration	169	692
	<u>8,895</u>	<u>7,220</u>

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7. INCOME TAX

(a) Income tax expense

	Group	Restated
	2017	2016
	\$'000	\$'000
Tax expense attributable to profit is made up of:		
Profit for current financial year		
- Current income tax	4,648	4,664
- Deferred income tax	(862)	(1,312)
	<u>3,786</u>	<u>3,352</u>
(Over) Under provision in the preceding financial years:		
- Current income tax	(556)	1,366
- Deferred income tax	1,677	(1,650)
	<u>4,907</u>	<u>3,068</u>

The tax on the results before income tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax, being the tax jurisdiction where the majority of the operations are residing, as follows:

	Group	Restated
	2017	2016
	\$'000	\$'000
Loss before income tax	<u>(11,059)</u>	<u>(27,525)</u>
Tax credit calculated at a tax rate of 17% (2016: 17%)	1,880	4,679
Effects of:		
- Different tax rates in other countries	(113)	(403)
- Income not subject to tax	1,576	335
- Statutory stepped income exemption	804	472
- Expenses not deductible for tax purposes	(7,940)	(9,129)
- Utilisation of previously unrecognised tax losses and utilisation of tax losses acquired on acquisition	-	656
- Corporate tax rebate	181	397
- (Under) Over provision of income taxes	(1,121)	284
- Others	(174)	(359)
	<u>(4,907)</u>	<u>(3,068)</u>

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7. INCOME TAX

(b) Deferred income tax assets and liabilities

	Group			
	Accelerated tax depreciation	Unutilised capital allowances & tax losses	Accelerated tax amortisation	Total deferred tax liabilities
	\$'000	\$'000	\$'000	\$'000
2017				
Deferred tax liabilities				
Beginning of financial year	281	-	5,502	5,783
Underprovision in preceding financial year	1,677	-	-	1,677
Credit to profit or loss	-	-	(629)	(629)
End of financial year	1,958	-	4,873	6,831

Deferred tax assets				
Beginning of financial year	(695)	(180)	-	(875)
Deferred tax asset recognised from previous years unrecognised tax losses	-	(233)	-	(233)
Utilised during the year	-	-	-	-
End of financial year	(695)	(413)	-	(1,108)

	Group			
	Accelerated tax depreciation	Unutilised capital allowances & tax losses	Accelerated tax amortisation	Total deferred tax liabilities
	\$'000	\$'000	\$'000	\$'000
2016				
Deferred tax liabilities				
Beginning of financial year	3,028	187	5,951	9,166
Overprovision in preceding financial year	(1,650)	-	-	(1,650)
Credit to profit or loss	(1,097)	-	(636)	(1,733)
End of financial year	281	187	5,315	5,783

Deferred tax assets				
Beginning of financial year	-	-	-	-
Acquisition of subsidiaries (Note 27)	(695)	(601)	-	(1,296)
Deferred tax asset recognised from previous years unrecognised tax losses	-	(235)	-	(235)
Utilised during the year	-	656	-	656
End of financial year	(695)	(180)	-	(875)

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No liability has been recognised in respect of temporary differences associated with undistributed earnings of subsidiaries amounting to \$8,890,000 (2016: \$8,413,000) because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

As at the end of the financial year, the Group has the following tax losses carry forward which are available for offsetting against future taxable income:

	Group	
	2017	2016
	\$'000	\$'000
At beginning of the year	3,500	1,380
Acquisition of subsidiaries	-	5,184
Tax losses for the year	843	-
Amount utilised in current year	-	(3,064)
Amount at end of year	<u>4,343</u>	<u>3,500</u>
Deferred tax on above (2017: 25.5%, 2016: 25.0%)	<u>1,108</u>	<u>875</u>

Deferred tax asset of \$1,108,000 (2016: \$875,000) has been recognised in the financial statements as it is probable that there will be future profit streams (2016: it is probable that there will be future profit streams) to offset against taxable income.

8. SEGMENT INFORMATION

8.1 Services from which reportable segments derive their revenues

Information reported to the chief operating decision maker for the purposes of the resource allocation and assessment of segment performance focuses on the types of services provided, and in respect of the business operations. The directors of the Company, who are the chief operating decision makers, have chosen to organise the Group around differences in services.

The financial performance of the segments are principally evaluated with reference to earnings before finance cost, taxes, depreciation, amortisation, share option expense, transaction costs from acquisition of investments & post-acquisition integration expenses and listing expenses, acquisition break fee and performance stock grant to the co-founders ("Adjusted EBITDA") which is the net results of revenue less cost of goods sold and selling and administrative expenses plus share of income from associates.

Segment adjusted EBITDA represents earnings by each segment without the allocation of central costs like interest, depreciation, amortisation, share option expense, transaction costs from acquisition of investments & post-acquisition integration expenses and listing expenses. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment. No operating segments have been aggregated in arriving at the reportable segments of the Group.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2.

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8.2 Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segments.

	Revenue		Adjusted EBITDA	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Managed care and network management services	153,509	152,821	17,746	19,936
Primary care services	114,581	86,395	25,055	18,210
Diagnostics, specialty and ancillary care services	96,242	81,914	20,767	19,662
Intersegment elimination	(27,688)	(20,837)	(2,370)	(1,266)
Total from continuing operations	336,644	300,293	61,198	56,452
Depreciation of property, plant and equipment			(30,630)	(20,267)
Amortisation of intangible assets			(8,289)	(7,949)
Intangible assets written off			(1,865)	-
Finance costs			(8,895)	(7,220)
Share-based compensation			-	(14,291)
Transaction cost from acquisition of investments & post acquisition integration expenses and listing expenses ^[1]			(22,074)	(32,990)
Performance stock grant to the co-founders ^[2]			(504)	(1,260)
Loss before income tax			(11,059)	(27,525)
Income tax expense			(4,907)	(3,068)
Loss for the year			(15,966)	(30,593)

^[1] Consist primarily of:

	2017	2016
Legal, due diligence expenses for acquisition of new investments of the group	16,490	20,943
Fees paid relating to raising financing from institutional investors	-	13
Legal, due diligence expenses for the preparation of listing of company on the exchange	486	9,164
Post-merger integration expenses after the new subsidiaries that joined the group	5,098	2,870
Total	22,074	32,990

^[2] This comprises a one time share issuance to the co-founders of the Company, as approved by the Board in 2015, charged over the vesting period.

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	Depreciation & amortisation		Addition to non-current assets	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Managed Care and network management services	9,484	6,960	7,977	7,590
Primary Care services	17,599	12,433	174,466	34,477
Diagnostics, specialty and ancillary services	11,836	8,823	45,489	29,662
Total	38,919	28,216	227,932	71,729

8.3 Other segment information

Secondary information reported to the chief operating decision maker for the purposes of the resource allocation and assessment of segment performance focuses on the regions where services are provided.

The following is the secondary analysis of the Group's revenue, and non-current assets by geographical segments.

	Revenue		Non-current assets	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Head office	-	-	1,731	759
Singapore	202,343	198,166	300,458	223,076
China	28,955	28,263	91,092	54,181
Indonesia	20,854	19,114	23,481	26,868
Australia	82,881	52,875	245,461	73,028
Others*	1,611	1,875	2,356	-
Consolidated Total	336,644	300,293	664,579	377,912

* Others include Malaysia and New Zealand

8.4 Major Customer

Included in revenue arising from managed care and network management business segment are revenues of approximately \$75 million (2016: \$55 million) which arose from sales to one customer.

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9. CASH AND BANK DEPOSITS

	2017	Group	2016
	\$'000		\$'000
Cash at bank and on hand	23,763		17,756
Fixed deposits	34,781		2,073
	<u>58,544</u>		<u>19,829</u>

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents comprise the following:

	2017	Group	2016
	\$'000		\$'000
Cash and bank deposits	58,544		19,829
Less: Fixed deposits pledged with a bank	-		(808)
Cash and cash equivalents per statement of cash flows	<u>58,544</u>		<u>19,021</u>

As at 31 December 2016, fixed deposits were pledged in relation to performance guarantee of contract customers of a subsidiary of the company.

10. TRADE AND OTHER RECEIVABLES

	2017	Group	2016
	\$'000		\$'000
Trade receivables			
- Third parties	94,330		74,436
- Associates	765		92
Less: Allowance for impairment of receivables	(37)		-
Trade receivables – net	<u>95,058</u>		<u>74,528</u>
Accrued revenue	17,490		17,685
Other receivables	8,831		4,195
	<u>121,379</u>		<u>96,408</u>

The average credit period on trade receivables is 30 to 90 days (2016: 30 to 90 days). No interest is charged on the outstanding balance.

Trade receivables from associates and other receivables are unsecured, interest-free and repayable on demand.

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11. INVENTORIES

	Group	
	2017	2016
	\$'000	\$'000
Pharmaceutical products and medical supplies held for resale, at cost	4,118	2,624

12. OTHER CURRENT ASSETS

	Group	
	2017	2016
	\$'000	\$'000
Deposits	7,636	5,630
Prepayments	5,034	2,487
Others	4,735	3,576
	<u>17,405</u>	<u>11,693</u>

At the end of each reporting period, the carrying amounts of deposits approximate their fair values.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	Group	
	2017	
	\$'000	
	Investment in funds	Private equity investment
Beginning of financial year	-	-
Additions	33,629	40,000
Fair value gains	209	3,568
Unrealized foreign currency losses	(1,271)	-
	<u>32,567</u>	<u>43,568</u>
Less: Amount due per settlement after 12 months	-	(43,568)
Current portion	<u>32,567</u>	<u>-</u>

Fair value hierarchy of financial asset at fair value through profit or loss is described in Note 26(f)(iv) and (v).

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14. PROPERTY, PLANT AND EQUIPMENT

Group	Office furniture, fittings and equipment \$'000	Motor vehicles \$'000	Shop premises \$'000	Renovation \$'000	Total \$'000
2017					
Cost					
Beginning of financial year	61,032	1,315	712	18,976	82,035
Reclassification to intangible assets (Note 15)	(5,117)	-	-	-	(5,117)
Additions	20,771	59	23	3,450	24,303
Acquisition of subsidiaries (Note 29)	8,335	-	-	5,584	13,919
Write-offs	(1,761)	-	-	-	(1,761)
Disposals	(240)	(67)	-	(66)	(373)
Reclassification	(934)	-	-	934	-
Currency realignment	(581)	-	-	-	(581)
End of financial year	81,505	1,307	735	28,878	112,425
Accumulated depreciation					
Beginning of financial year	16,867	481	294	6,806	24,448
Reclassification to intangible assets (Note 15)	(183)	-	-	-	(183)
Depreciation charge	12,746	95	5	3,869	16,715
Write-offs	(1,761)	-	-	-	(1,761)
Disposals	(204)	(19)	-	(91)	(314)
Currency realignment	(117)	-	-	-	(117)
End of financial year	27,348	557	299	10,584	38,788
Net book value					
End of financial year	54,157	750	436	18,294	73,637

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14. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Office furniture, fittings and equipment \$'000	Motor vehicles \$'000	Shop premises \$'000	Renovation \$'000	Total \$'000
2016					
<u>Cost</u>					
Beginning of financial year	34,921	791	317	13,481	49,510
Currency translation differences	942	48	66	338	1,394
Additions	25,499	436	87	5,026	31,048
Acquisition of subsidiaries (Note 29)	115	116	244	135	610
Write-offs	(379)	-	-	-	(379)
Disposals	(66)	(76)	(2)	(4)	(148)
End of financial year	61,032	1,315	712	18,976	82,035
<u>Accumulated depreciation</u>					
Beginning of financial year	9,223	301	69	4,222	13,815
Currency translation differences	303	34	44	144	525
Depreciation charge	7,742	216	181	2,440	10,579
Write-offs	(379)	-	-	-	(379)
Disposals	(22)	(70)	-	-	(92)
End of financial year	16,867	481	294	6,806	24,448
<u>Net book value</u>					
End of financial year	44,165	834	418	12,170	57,587

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15. GOODWILL AND INTANGIBLE ASSETS

(a) Goodwill arising on consolidation

	Group	
	2017	2016
	\$'000	\$'000
<u>Cost and net book value</u>		
Beginning of financial year	262,047	231,978
Goodwill from the acquisition of subsidiaries (Note 29)	94,185	25,654
Currency translation differences	(1,321)	4,415
End of financial year	<u>354,911</u>	<u>262,047</u>

Impairment tests for goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

Goodwill is allocated to the Group's subsidiaries which are also the cash-generating-units ("CGU"). A segment-level summary of the goodwill allocation is as follows:

	2017	2016
Managed care and network management services	108,863	109,910
Primary care services	113,750	40,781
Diagnostics, specialty and ancillary services	<u>132,298</u>	<u>111,356</u>

The recoverable amount of the CGU was determined based on value-in-use calculations. These calculations require the use of estimates. Cash flow projections used in the value-in-use calculations were determined by management covering a five-year period.

Inherent to the value-in-use calculations of goodwill are certain estimates and judgements, including management's plans and projections with regard to the Group's operations. Where additional information becomes available or where changes to management's strategies arise, the conclusion from impairment assessment of goodwill could change.

Key assumptions used for value-in-use calculations:

	Managed Care and network management services	Primary Care services	Specialty and Ancillary services
2017			
Annual growth rate for next five years	5%-33%	0%-21%	0%-42%
Terminal growth rate	2%	2%-3%	2%-4%
Discount rates	<u>7%-8%</u>	<u>8%-12%</u>	<u>8%-16%</u>

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15. GOODWILL AND INTANGIBLE ASSETS

2016	Managed Care and network management services	Primary Care services	Specialty and Ancillary services
Annual growth rate for next five years	5%-15%	5%-15%	5%-15%
Terminal growth rate	2%-5%	2%-5%	2%-5%
Discount rates	7%-12%	7%-15%	7%-15%

The cash flow projections and gross margin were determined by management based on past performance, its expectations of the market development and planned operating strategies.

The terminal growth rate is used to extrapolate cash flows beyond the budget period and does not exceed the long-term average growth rate for the country in which the respective CGU's operate. The discount rate used reflects specific risks relating to the CGUs.

Based on the impairment test performed by management, no impairment loss has been recognised as the recoverable amounts of the CGUs are higher than its carrying amount. Any reasonable change in the assumptions used in the cash flow projections will not result in an impairment of the goodwill.

(b) Customer relationship, branding and book order

	<u>Group</u>			
	Customer Relationships	Branding	Book Order	Total
2017	\$'000	\$'000	\$'000	\$'000
<u>Cost</u>				
Beginning of year	38,314	6,797	489	45,600
Currency translation differences	(118)	-	-	(118)
End of the financial year	38,196	6,797	489	45,482
<u>Accumulated amortisation</u>				
Beginning of the financial year	19,250	1,133	312	20,695
Amortisation charge	6,560	680	163	7,403
End of financial year	25,810	1,813	475	28,098
Net book value	12,386	4,984	14	17,384

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15. GOODWILL AND INTANGIBLE ASSETS

	<u>Group</u>			
	Customer Relationships	Branding	Book Order	Total
2016	\$'000	\$'000	\$'000	\$'000
<u>Cost</u>				
Beginning of year	38,399	6,797	489	45,685
Currency translation differences	(85)	-	-	(85)
End of the financial year	38,314	6,797	489	45,600
<u>Accumulated amortisation</u>				
Beginning of the financial year	12,808	453	149	13,410
Amortisation charge	6,442	680	163	7,285
End of financial year	19,250	1,133	312	20,695
Net book value	19,064	5,664	177	24,905

The valuations of the customer relationships, branding and book orders are arrived at using the Income Approach.

In determining their values under this approach, cash flow projections over the estimated useful lives of 3 to 5 years (2016: 3 to 5 years), prepared by management, are used and a discount rate applied to the projections. The discount rate used is post-tax and ranges from 9.2% to 13.6% (2016: 9.2% to 13.6%) per annum and reflects specific risks relating to the relevant business operations.

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(c) In house software

	Group	
	2017	2016
	\$'000	\$'000
<u>Cost</u>		
Beginning of year	4,544	2,764
Reclassification from Property, Plant and Equipment (Note 14)	5,117	-
Additions	4,937	1,673
Intangible assets written off	(1,865)	-
Currency translation differences	(255)	107
End of the financial year	12,478	4,544
<u>Accumulated amortisation</u>		
Beginning of year	1,770	1,048
Reclassification from Property, Plant and Equipment (Note 14)	183	-
Amortisation charge	886	664
Currency translation differences	(186)	58
End of financial year	2,653	1,770
Net book value	9,825	2,774

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16. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

(a) Details of subsidiaries are as follows:

<u>Name of subsidiary</u>	<u>Principal activities</u>	<u>Country of incorporation/ operation</u>	<u>Effective equity holding</u>	
			2017	2016
			%	%
Navitas Limited	Holding Company	Cayman	100	100
Primus Vista Holdings Limited	Holding Company	Cayman	100	100
Fullerton Health China Corporation Limited	Holding Company	Cayman	100	100
Fullerton Healthcare Group Pte. Limited	Operating clinics and the provision of other general medical services	Singapore	100	100
Fullerton Assistance Pte. Ltd.	Holding Company	Singapore	100	100
Fullerton Health Pte Ltd ⁽¹⁾	Holding Company	Singapore	100	-
Fullerton Healthcare Australia Pty Ltd	Holding Company	Australia	93.6	93.6
FHC (Greater China) Private Limited	Holding Company	Hong Kong	100	100
FHI Holdings Limited	Holding Company	Hong Kong	100	100

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<u>Name of subsidiary</u>	<u>Principal activities</u>	<u>Country of incorporation/ operation</u>	<u>Effective equity holding</u>	
			<u>2017</u>	<u>2016</u>
			%	%
<u>Significant subsidiaries held by subsidiaries within the Group</u>				
SC Primus Holdings	Holding Company	Cayman	100	100
Aurum Holdings	Holding company	Cayman	100	100
Fullerton Aetas Limited	Investment holding	Cayman	100	100
Fullerton Systems & Services Pte. Ltd. ⁽¹⁾	Holding Company	Singapore	100	-
Fullerton Systems Pte. Ltd. ⁽¹⁾	Holding Company	Singapore	100	-
Fullerton Health Philippines Pte. Ltd. ⁽¹⁾	Investment holding	Singapore	100	-
A.M. Pharmacy Pte Ltd	Trading and retailing in pharmaceutical products and medical supplies	Singapore	100	100
Gethin-Jones Medical Practice Pte Ltd	Operating clinics and the provision of other general medical services	Singapore	100	100
Drs Trythall Hoy Davies (Pte) Ltd	Operating clinics and the provision of other general medical services	Singapore	100	100
Fullerton Physio Pte. Ltd.	Holding company	Singapore	100	100
Fullerton Dental Group Pte. Ltd.	Dormant	Singapore	100	100
Drs Horne & Chin Pte Ltd	Operating clinics and provision of other general medical services	Singapore	100	100
HCP Pte Ltd	Trading and retailing in pharmaceutical products and medical supplies	Singapore	100	100
Radlink-Asia Pte Ltd	Holding Company	Singapore	100	100
Radlink Diagnostic Imaging (S) Pte Ltd	Diagnostic imaging services for health screening	Singapore	100	100

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<u>Name of subsidiary</u>	<u>Principal activities</u>	<u>Country of incorporation/ operation</u>	<u>Effective equity holding</u>	
			2017	2016
			%	%
Radlink Medicare Pte. Ltd.	Investment holding	Singapore	100	100
Medisol Pte Ltd ⁽²⁾	Diagnostic imaging services for health screening	Singapore	75	-
Medical Imaging Pte Ltd ⁽²⁾	Investment holding	Singapore	100	-
Drs Lim Hoe & Wong Radiology Pte. Ltd.	Diagnostic imaging services for health screening	Singapore	100	100
Radlink Women & Fetal Imaging Pte. Ltd	Diagnostic imaging services for health screening	Singapore	100	100
Radlink PET and Cardiac Imaging Centre Pte. Ltd	Diagnostic imaging services for health screening	Singapore	100	100
RadLink (Novena) Pte. Ltd.	Diagnostic imaging services for health screening	Singapore	100	100
Radlink Medicare (Jurong East) Pte. Ltd.	Dormant	Singapore	100	100
Radlink Medicare (Bishan) Pte. Ltd.	Operating clinics and the provision of other general medical services	Singapore	70	70
Radlink Medicare (Woodlands) Pte. Ltd.	Dormant	Singapore	70	70
Radlink Medicare (Tampines) Pte. Ltd.	Operating clinics and the provision of other general medical services	Singapore	100	100
Drs Thompson & Thomson (Radlink Medicare Pte. Ltd.)	Operating clinics and the provision of other general medical services	Singapore	85	85
Clinic 1886 Pte. Ltd.	Dormant	Singapore	100	100
Singapore Radio-pharmaceuticals Pte. Ltd.	Own and operate cyclotron equipment and sell radio-pharmaceutical isotopes and other medical activities pharmaceutical isotopes and other medical activities	Singapore	100	100

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<u>Name of subsidiary</u>	<u>Principal activities</u>	<u>Country of incorporation/ operation</u>	<u>Effective equity holding</u>	
			2017	2016
			%	%
The Vascular & General Surgery Centre Pte. Ltd	Surgical and other general medical services	Singapore	60	60
Alpha Joints & Orthopaedics Pte Ltd ⁽²⁾	Speciality services	Singapore	60	-
Integrated Health Plans Pte. Ltd	Establish, develop, promote, manage & provide healthcare plans	Singapore	100	100
Advantage Health Benefits Pte Ltd	Administrative services to clinics/ corporations in healthcare plans	Singapore	100	100
Corporate Health Services Pte Ltd	Provision of administrative services to clinics	Singapore	100	100
Comfort Ambulance & Services Pte Ltd	Medical evacuation/ travel medicine services	Singapore	70	70
Citizens Ambulance & Services Pte Ltd	Medical evacuation/ travel medicine services	Singapore	70	70
Urban Rehab Pte Ltd	Provision of physiotherapy services	Singapore	60	60
Global Assistance & Healthcare (Singapore) Pte Ltd	Clinics and other general medical services	Singapore	100	100
Global Assistance & Healthcare Holdings Pte Ltd	Investment Holding	Singapore	100	100
RadLink PET Centre (Gemini) Pte Ltd	Diagnostic imaging services for health screening	Singapore	100	100
Orchard Heart Specialist Pte Ltd	Clinical and other general medical services	Singapore	60	60
Epione Group Private Limited	Other health services	Singapore	80	80

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<u>Name of subsidiary</u>	<u>Principal activities</u>	<u>Country of incorporation/ operation</u>	<u>Effective equity holding</u>	
			2017	2016
			%	%
AME Ambulance Services Pte Ltd	Medical evacuation/travel medicine services	Singapore	100	100
Corporate Services Network Pty Ltd	Third party administrator	Australia	93.6	93.6
FHA Medical Centres Pty Ltd (Aus) ⁽²⁾	Operating clinics and the provision of other general medical services	Australia	93.6	-
Jobfit Medical Services Pty Ltd	Holding company	Australia	93.6	93.6
International Services Network Pty Ltd	Third party administrator	Australia	93.6	93.6
Jobfit Health Group Pty Ltd	Operating clinics and the provision of other general medical services	Australia	93.6	93.6
Jobfit Occupational Medicine Pty Ltd	Holding company	Australia	93.6	93.6
Queensland Vocational Health Services Pty Ltd	Dormant	Australia	93.6	93.6
Medicheck Pty Ltd	Operating clinics and the provision of other general medical services	Australia	74.9	74.9
Emerald Medical Pty Ltd	Operating clinics and the provisions of other general medical services	Australia	93.6	93.6
Fullerton Allied Health Pty Ltd	Operating clinics and the provision of other general medical services	Australia	93.6	93.6
FHA Primary Care Pty Ltd	Operating clinics and the provision of other general medical services	Australia	93.6	93.6
Baseline Group (Personnel) Pty Ltd	Operating clinics and the provision of other general medical services	Australia	84.2	84.2

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<u>Name of subsidiary</u>	<u>Principal activities</u>	<u>Country of incorporation/ operation</u>	<u>Effective equity holding</u>	
			2017	2016
			%	%
Fullerton Health Medical Centres Pty Ltd	Operating clinics and provision of other general medical services	Australia	93.6	93.6
Evemont Pty Ltd ⁽²⁾	Operating clinics and provision of other general medical services	Australia	93.6	-
Fortwood Pty Ltd ⁽²⁾	Operating clinics and provision of other general medical services	Australia	93.6	-
Webfield Pty Ltd ⁽²⁾	Operating clinics and provision of other general medical services	Australia	93.6	-
Cormist Pty Ltd ⁽²⁾	Operating clinics and provision of other general medical services	Australia	93.6	-
Sunshine Coast Medical Centres Pty Ltd ⁽²⁾	Operating clinics and provision of other general medical services	Australia	93.6	-
The Maroochydore 7-Day Medical Centre Unit Trust ⁽²⁾	Operating clinics and provision of other general medical services	Australia	93.6	-
The Kawana Waters 7-Day Medical Centre Unit Trust ⁽²⁾	Operating clinics and provision of other general medical services	Australia	93.6	-
Sydney Breast Clinic Pty Ltd ⁽²⁾	Operating clinics and provision of other general medical services	Australia	93.6	-
Healthscope Medical Centres Pty Ltd ⁽²⁾	Operating clinics and provision of other general medical services	Australia	93.6	-
Jobfit Health Group (NZ) Limited ⁽¹⁾	Operating clinics and provision of other general medical services	New Zealand	93.6	-
Fullerton Healthcare (Hong Kong) Private Limited	Holding company	Hong Kong	100	100
S.C. Fullerton Healthcare Group Limited	Operating clinics and the provision of other general medical services	Hong Kong	60	60

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<u>Name of subsidiary</u>	<u>Principal activities</u>	<u>Country of incorporation/ operation</u>	<u>Effective equity holding</u>	
			2017	2016
			%	%
T.H.E. Fullerton Healthcare Group Ltd	Operating clinics and the provision of other general medical services	Hong Kong	60	60
FHHK Aurum Limited	Investment holding	Hong Kong	100	100
Health Maintenance Medical Practice Limited	Provision of medical check-up and consultancy services	Hong Kong	80	80
Health Maintenance Management Services Limited	Provision of technical support for dental business	Hong Kong	80	80
HMMP (Dental) Limited	Dental agent, sales of dental products	Hong Kong	80	80
HM Investment Holding Limited	Investment Holding	Hong Kong	80	80
Fullerton Health Clinic (HK) Holdings Limited	Holding company	Hong Kong	100	100
Dr Tony Chun Kit Lee Medical Practice Ltd	General medical services	Hong Kong	100	100
Fullerton Health China (Hong Kong) Private Limited	Dormant	Hong Kong	100	100
Health Maintenance Dental Care Limited	Dental agent, sales of dental products	Hong Kong	80	80
Washington Health Analytics Limited ⁽¹⁾	Investment Holding	Hong Kong	100	-
Keith Chan Musculoskeletal and Family Medicine Centre Company Limited ⁽²⁾	Operating clinics and the provision of other general medical services	Hong Kong	70	-
PT E-Tirta Medical Centre	Operating clinics and the provision of other general medical services	Indonesia	60	60
PT Global Assistance & Healthcare	Medical evacuation, assistance services and medical supplies	Indonesia	90	90

⁽¹⁾ Newly incorporated subsidiaries during the year.

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<u>Name of subsidiary</u>	<u>Principal activities</u>	<u>Country of incorporation/ operation</u>	<u>Effective equity holding</u>	
			2017	2016
			%	%
PT Global Assistansi Medika	Operating clinics and the provision of other general medical services	Indonesia	66.7	66.7
PT Fullerton Health	Healthcare management consultancy services	Indonesia	100	100
Corporate Outsource Services Sdn. Bhd.	Administrative services to clinics and companies relating to healthcare plans	Malaysia	100	100
Fullerton Health Malaysia Sdn Bhd ⁽¹⁾	Investment Holding	Malaysia	100	-
Veritas Health Holding Sdn Bhd ⁽¹⁾	Investment Holding	Malaysia	100	-
Veritas Health Sdn Bhd ⁽¹⁾	Investment Holding	Malaysia	100	-
Amalan Asia Jaya Sdn Bhd ⁽²⁾	Investment Holding	Malaysia	51	-
Numedik Healthcare Sdn Bhd ⁽²⁾	Operating clinics and the provision of other general medical services	Malaysia	51	-
Charm Capital Healthcare Sdn Bhd ⁽²⁾	Operating clinics and the provision of other general medical services	Malaysia	51	-
Dr Azlina Healthcare Sdn Bhd ⁽²⁾	Operating clinics and the provision of other general medical services	Malaysia	51	-
Fullerton Health Services (Beijing) Co Ltd ⁽¹⁾	Investment Holding	People's Republic of China	100	-
HMMP Medical (Macau) Limited	Provision of technical support for dental business	Macau	79.2	79.2

⁽²⁾ Newly incorporated subsidiaries during the year.

⁽³⁾ Newly acquired subsidiaries as disclosed in Business Combination in Note 29 to the financial statements.

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Details of non-wholly owned subsidiaries that have material non-controlling interests

Set out below are the summarized financial information for each subsidiary that has non-controlling interests that are material to the group. These are presented before interco-company eliminations.

Fullerton Healthcare Australia Pty Ltd and its subsidiaries

As at the end of the reporting period, the loss of the Group allocated to the non-controlling interest is \$617,000 (2016: profit of \$142,000) and the accumulated non-controlling interest is \$545,000 (2016: \$1,105,000).

Summarised financial information in respect of Fullerton Healthcare Australia Pty Ltd and its subsidiaries is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2017	2016
	\$'000	\$'000
Current assets	26,670	15,799
Non-current assets	137,931	58,843
Current liabilities	(21,202)	(8,425)
Non-current liabilities	(95,424)	(16,770)
Equity attributable to owners of the Company	(47,430)	(48,342)
Non-controlling interests	(545)	(1,105)

Details of Fullerton Healthcare Australia Pty Ltd and its subsidiaries are as follows:

	2017	2016
	\$'000	\$'000
Revenue	83,071	62,428
Expenses	(83,970)	(62,191)
(Loss) Profit and total comprehensive income for the year	(899)	237
(Loss) Profit attributable to owners of the Company	(282)	96
Non-controlling interests	(617)	141
(Loss) Profit for the year	(899)	237

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Fullerton Healthcare Australia Pty Ltd and its subsidiaries

Summarized cashflows

	2017	2016
	\$'000	\$'000
Cashflows from operating activities	9,603	1,801
Cash generated from operations		
Interest paid	-	-
Income tax paid	(1,397)	(1,388)
Net cash from operating activities	8,206	413
Net cash used in investing activities	(85,957)	(3,795)
Net cash from financing activities	81,007	2,791
Cash and cash equivalents at beginning of the year	1,875	2,466
Effects of currency translation on cash and cash equivalents	2	-
Cash and cash equivalents at end of year	<u>5,155</u>	<u>1,875</u>

Navitas and its subsidiaries

As at the end of the reporting period, the profit of the Group allocated to the non-controlling interest is \$1,961,000 (2016: profit of \$1,059,000) and the accumulated non-controlling interest is \$2,155,000 (2016: \$667,000).

Summarised financial information in respect of Navitas and its subsidiaries is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2017	2016
	\$'000	\$'000
Current assets	35,998	25,632
Non-current assets	39,142	45,483
Current liabilities	(61,367)	(47,610)
Non-current liabilities	(10,291)	(4,722)
Equity attributable to owners of the Company	(1,327)	(18,116)
Non-controlling interests	<u>(2,155)</u>	<u>(667)</u>

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Details of Navitas and its subsidiaries are as follows:

	2017	2016
	\$'000	\$'000
Revenue	18,800	12,333
Expenses	(11,400)	(7,266)
Profit and total comprehensive income for the year	7,400	5,067
Profit attributable to owners of the Company	5,439	4,008
Non-controlling interests	1,961	1,059
Profit for the year	7,400	5,067

Summarized cashflows

	2017	2016
	\$'000	\$'000
Cashflows from operating activities	4,147	4,382
Cash generated from operations		
Interest paid	-	-
Income tax paid	(524)	(139)
Net cash from operating activities	3,623	4,243
Net cash used in investing activities	(5,590)	(19,714)
Net cash from financing activities	3,731	15,873
Cash and cash equivalents at beginning of the year	3,918	402
Cash and cash equivalents at end of year	5,682	3,918

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NOTES TO FINANCIAL STATEMENTS

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(b) Details of associates with cost of investment of is as follows:

	Group	
	2017	2016
	\$'000	\$'000
Cost as at 1 January	483	469
Acquisition during the year	26,666	-
Put option over associate (Note 21)	16,489	-
Share of profits of associates	32	14
	43,670	483

Name of associated company	Principal activities	Country of incorporation	Equity holdings	
			2017	2016
			%	%
FC Dental Pte Ltd	Operating dental clinics	Singapore	20	20
Town Hall Clinic Pte Ltd	Operating clinics and the provision of other general medical services	Singapore	30	30
Fullerton Health China Limited	Investment Holding	Cayman Islands	40	-
Fullerton Medical Technology Services (Beijing) Co, Ltd	Provision of consultancy services	People's Republic of China	40	-
Fullerton Health Technology Investment (Anhui) Co, Ltd	Provision of consultancy services	People's Republic of China	40	-

All the above associates are accounted for using the equity method in these consolidated financial statements.

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Details of material associates

Set out below are the summarized financial information for the investment in associate that is material to the group. These are presented before interco-company eliminations.

Fullerton Health China Limited

	2017
	\$'000
Current assets	63,987
Non-current assets	2
Current liabilities	<u>(794)</u>

The acquisition of the associate was completed immediately prior to year-end, therefore, the share of profit or loss of the associate is not material to the Group.

Reconciliation to the investment in Fullerton Health China Limited

Net assets of the associate	63,195
Portion of the group's ownership	40%
	<u>25,278</u>
Fair value of put options over associate (included in carrying value)	16,489
Translation gain	<u>1,388</u>
	<u>43,155</u>

17. TRADE AND OTHER PAYABLES

	Group	
	2017	Restated
	\$'000	2016
	\$'000	\$'000
Trade payables to:		
- Third parties	44,907	53,233
- Associates	303	972
	<u>45,210</u>	<u>54,205</u>
Non-trade payables to:		
- Vendors of subsidiaries shares (Contingent consideration)	17,406	19,406
Bond interest payable	1,688	1,688
Accruals and other payables	59,849	38,780
	<u>124,153</u>	<u>114,079</u>
Less: Amount due per settlement after 12 months (Note 22)	(10,675)	(9,566)
	<u>113,478</u>	<u>104,513</u>

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17. TRADE AND OTHER PAYABLES (continued)

The non-trade payables due to the vendors of the subsidiaries shares are unsecured and interest-free. These amounts are payable on subsidiaries achieving certain profit targets in future periods as defined in the respective sale and purchase agreements.

In 2016, included in the non-trade payable due to non-controlling interests was payable amounting to \$130,000 bearing interest at 10% per annum, which was unsecured and repayable on demand.

18. RIGHT OF USE ASSETS

Information about the Group's leases is disclosed within this note and Note 19.

	2017	Group Restated 2016	Restated 1 Jan 2016
	\$'000	\$'000	\$'000
Right-of-use assets	121,196	29,728	26,062

The Group leases assets including clinic and office space predominantly for the provision of medical services. Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

	Clinic and office space \$'000
2017	
Balance at 1 January (restated)	29,728
Depreciation charge for the year	(13,915)
Additions	105,383
Balance at 31 December	121,196
2016	
Balance at 1 January (restated)	26,062
Depreciation charge for the year (restated)	(9,688)
Additions (restated)	13,354
Balance at 31 December (restated)	29,728

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19. LEASE LIABILITIES

	2017	Group Restated 2016	Restated 1 January 2016
	\$'000	\$'000	\$'000
Maturity analysis			
Less than one year	24,268	9,286	16,157
One to five years	75,178	16,832	17,290
More than five years	64,034	11,357	6,590
Total undiscounted lease liabilities at 31 December	163,480	37,475	40,037
Present value of lease liabilities	123,739	31,771	35,335
Less: Current	(20,278)	(8,501)	(15,437)
Non-current	103,461	23,270	19,898

Amounts recognized in profit or loss

	2017	Group 2016 Restated
	\$'000	\$'000
Interest on lease liabilities	3,118	1,526
Expenses relating to short-term leases	1,670	1,494

Total cash outflow for leases during the year is \$16,557,000.

20. BANK BORROWINGS

	2017	Group 2016
	\$'000	\$'000
Unsecured bank borrowings	68,588	56,500
Less: Amount due for settlement within 12 months (shown under current liabilities)	(51,650)	(43,813)
Amount due for settlement after 12 months	16,938	12,687

The Group has four (2016: two) outstanding bank term loans as at the end of 2017 comprising loans with maximum available committed facilities of \$62.6 million (2016: \$34.5 million). The loans are repayable over one to five years, by bullet and quarterly instalments and bear interest ranging from 2.41% to 3.26% (2016: 1.64% to 3.45%).

The Group has four (2016: five) outstanding bank revolving credit facilities as at the end of 2017 comprising loans with maximum available uncommitted facilities of \$55.0 million (2016: \$55.0 million). The loans bear interest ranging from 2.41% to 3.26% (2016: 1.64% to 3.45%).

At the end of each reporting period, the carrying amounts of bank borrowings approximate their fair values.

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21. DERIVATIVE LIABILITIES

	Group 2017		
	Upon inception	Fair value changes during the year	End of the year
	\$'000	\$'000	\$'000
Present value of the exercise price of written put option with non-controlling interest of Alpha Joint Orthopaedics Pte. Ltd.	7,884	275	8,159
Present value of the exercise price of written put options with non-controlling interests of Medisol Pte Ltd.*	3,215	-	3,215
Present value of the exercise price of written put option with non-controlling interest of Orchard Heart Specialist Pte Ltd*	13,811	-	13,811
Fair value of the written put option with a corporate investor of Fullerton Health China Limited (Note 16(b))	16,294	195	16,489
Fair value of derivative liability with shareholder of the Company*	28,581	-	28,581
	69,785	470	70,255
Less: Amount due for settlement within 12 months (shown under current liabilities)			(31,021)
Amount due for settlement after 12 months			39,234

The Group has put options with the non-controlling shareholders of Orchard Heart Specialist Pte Ltd, Alpha Joint Orthopaedics Pte Ltd and Medisol Pte Ltd. The put option provides the non-controlling shareholders the right to require the Group to acquire shares owned by them.

The Company has granted a put option with another corporate investor of Fullerton Health China Limited. The put option provides the corporate investor the right to require the Company to acquire shares owned by them after a fixed period of time.

* The transactions were entered with the respective non-controlling interest or shareholder in the month of November 2017 and December 2017, therefore the inception value approximates the fair value as at year end.

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22. OTHER LONG-TERM LIABILITIES

	Group	
	2017	2016
	\$'000	\$'000
Non-trade long term payables to:		
Restoration cost	2,212	1,467
Vendors of subsidiaries shares (Contingent consideration)	5,038	8,039
Amount due to associated companies	808	-
Others	2,617	60
	10,675	9,566

A provision for restoration cost is recognised when the Group enters into lease agreements for premises. It includes the estimated cost of demolishing and removing all the leasehold improvements made by the Group to the premises.

The non-trade payables due to the vendors of the subsidiaries shares are unsecured and interest-free. These amounts are payable on subsidiaries achieving certain profit targets in future periods as defined in the respective sale and purchase agreements.

23. SENIOR UNSECURED GUARANTEED BONDS

	Group	
	2017	2016
	\$'000	\$'000
At the beginning of the year	97,843	-
Issued during the year	-	100,000
Deferred financing cost	-	(2,315)
Amortisation of issuance cost charged to profit or loss	399	158
At end of the year	98,242	97,843

On 7 July 2016, the Company issued senior unsecured guaranteed bonds totalling \$100 million in the Singapore Exchange Securities Trading Limited ("SGX-ST"), comprising \$50 million due in July 2021 and \$50 million due in July 2023 (interest payable semi-annually in arrears). The effective interest rates of these bonds approximate 3.73% (maturing 2021) and 4.04% (maturing 2023) per annum. The bonds are unconditionally and irrevocably guaranteed by Credit Guarantee & Investment Facility, a trust fund of the Asian Development Bank.

The fair value of the bond as at balance sheet date is \$101,300,000 (2016: \$99,080,000), as quoted in the Singapore Exchange Securities Trading Limited ("SGX-ST").

The fair value is within level 1 of the fair value hierarchy.

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24. (a) SHARE CAPITAL

	2017	2017	2017	2017	2017	2017
	Number of ordinary shares	Number of convertible shares	Share Capital \$'000	Share Premium \$'000	Convertible shares	Total \$'000
Issued and paid up:						
At the beginning of the year	562,289,858	-	241	253,080	-	253,321
Net proceeds from issuance of new shares	-	94,488,056	-	-	102,699	102,699
Redemption of Restricted Share Plans	(11,935,456)	-	(4)	(17,440)	-	(17,444)
Share buy back	(29,800,000)	-	(13)	(41,043)	-	(41,056)
At the end of the year	520,554,402	94,488,056	224	194,597	102,699	297,520

	2016	2016	2016	2016	2016
	Number of ordinary shares	Number of convertible shares	Share Capital \$'000	Share Premium \$'000	Total \$'000
Issued and paid up:					
At the beginning of the year	162,077	-	215	210,658	210,873
Share split	486,068,923	-	-	-	-
Conversion of redeemable convertible preference shares from non-controlling interests	16,381,577	-	-	24,900	24,900
Issue of Restricted Share Plans	59,677,281	-	26	18,722	18,748
Distribution to shareholders	-	-	-	(1,200)	(1,200)
At the end of the year	562,289,858	-	241	253,080	253,321

Fully paid ordinary shares have a par value of US\$0.000333 per share and a right to dividends as and when declared by the company.

Convertible shares have all the same rights to vote and receive dividends as ordinary shares and the following additional conditions:

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24. (a) SHARE CAPITAL (continued)

The convertible shares shall be automatically and mandatorily converted into ordinary shares on a 1:1 ratio:

- a. On or close to the date of pricing of an IPO
- b. Where the holder has not exercised its right to the clawback, on the date falling immediately after the expiry of the clawback period
- c. Where the holder has exercised its right to the clawback, upon completion of the clawback

The holders of the convertible shares have the right to clawback a certain amount of cash or additional ordinary shares if certain performance measures of the consolidated group are not met.

- (i) On 30 March 2016, the Directors of the Company approved a distribution to the shareholders amounting to \$1.2 million from share premium account. In lieu of a cash payment of the distribution, the amount was applied to discharge the amounts due from shareholders of the same amount.
- (ii) On 7 July 2016, the Company completed a share split exercise. Each ordinary share of the Company was split into 3,000 shares resulting in an increase in the number of issued and paid up shares of the Company from 162,077 shares to 486,231,000 shares. In addition, the par value of ordinary shares was changed to US\$0.00033.
- (iii) In September 2016, 59,677,281 shares of the Company were issued as part of the Restricted Share Plan (Note 24(b)(ii)). During this period, there was also a conversion of the redeemable convertible preference shares ("RCPS") in FHG to 16,381,577 ordinary shares in FHC (Note 24(c)).
- (iv) On 4 July 2017, the Company bought back 29,800,000 shares from a corporate investor for a consideration of \$41.0 million. The shares were subsequently cancelled.
- (v) On 24 November 2017, the Company issued 94,488,056 new convertible shares for a total consideration of \$135.9 million, with \$34.0 million used to settle the buyback of RSP shares and encashment of employee share options (Note 24(b)).
- (vi) In December 2017, the Company bought back 11,935,458 shares which had previously been issued under the Company's RSP scheme (Note 24(b)) for a consideration of \$17.4 million. The shares were subsequently cancelled.

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24. (b) SHARE-BASED COMPENSATION PLANS

The Group operates the following share-based compensation plans:

(i) Fullerton Healthcare Group Pte Limited ("FHG") Share Option Plan ("SOP")

The SOP in respect of unissued ordinary shares in the capital of FHG is administered by the Remuneration Committee (the "RC"). Share options are granted to directors and employees within the Group and affiliates of the Group under the SOP. The FHG share options are convertible into the Company's ("FHC") share options or if they are vested, the FHG ordinary shares are convertible into FHC ordinary shares.

No options granted by FHG under the SOP were exercised during the financial period.

Under the SOP, share options are granted to full-time confirmed employees of FHG or its subsidiaries who are employed as at the date of grant of options (the "Date of Grant") and who have attained the age of 18 years on or before the Date of Grant.

The options are vested approximately three years after the Date of Grant upon the occurrence of an "Exit Event", and are exercisable over a period of 8 years from Date of Grant. An Exit Event occurs when there is a change in control, lodgement of the Prospectus with Monetary Authority of Singapore or voluntary winding up.

On 3 February 2016, options to subscribe 5,103,800 ordinary shares in FHG at an exercise price of \$3.40 per ordinary share were granted pursuant to the SOP. The SOP are exercisable from date of vesting of the option and expire on 8th anniversary of the Date of Grant of the SOP.

On 28 September 2016, the Company lodged its Prospectus with the Monetary Authority of Singapore in relation to the proposed Listing of the Company on the Singapore Exchange Securities Trading Ltd ("SGX-ST") which under the terms of the Company's employee stock awards and options plans, is considered an exit event, which results in the accelerated vesting of all awards and options.

The fair value of the options granted on 3 February 2016 determined using the Black Scholes model was \$1,735,292. The significant inputs into the model were share price of \$3.40 at the grant date, exercise price shown as above, standard deviation of expected share price returns of 17%, the option life shown above and 3 years annual risk free rate 1.26%, based on the Singapore Sovereign Bond Yield. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share price of a comparable peer company over the last three years from the date of grant.

During the current year, the Company encashed and cancelled 17,289,699, equivalent to 20% of the outstanding share options with a total payment to option holders of \$16.6 million. The cash payment reflected the fair value of the options at repurchase date. Therefore, the encashment of the fully vested equity settled share-based payments is accounted for as a deduction from equity.

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(ii) Fullerton Healthcare Group Pte Limited Restricted Share Plan ("RSP")

The RSP awards fully paid-up ordinary shares in FHG, free of payment, to selected directors and senior management of FHG and its subsidiaries.

The selection of a participant and the number of shares granted, pursuant to the RSP, shall be determined at the discretion of the Remuneration Committee. The RSP units have a vesting period of approximately three years, upon the occurrence of the Exit Event referred to in 24(b)(i). The FHG RSP units are convertible into FHC RSP units or if they are vested, the FHG ordinary shares are convertible into FHC ordinary shares.

The Remuneration Committee is authorised to grant RSP units and to allot and issue from time to time such number of fully paid-up shares as may be required to be allotted and issued pursuant to the vesting of Awards under the respective plans. The aggregate number of awards granted under the RSP, which may be issued pursuant to Awards, shall not exceed 30% of the total number of issued shares of the Company from time to time on the day preceding that date.

On 3 February 2016, 1,190,400 RSP units were granted. All of the RSP units have vested on the date of lodgement of the Company Prospectus as noted under Note 24(b)(i) which results in the accelerated vesting of all RSP.

The fair value of the RSP granted on 3 February 2016 was \$3,809,280, determined using the Monte Carlo Simulation model. The significant inputs into the model were share price of \$3.40 per share at the date of grant, vesting period over three years, standard deviation of expected share price returns of 17%, dividend yield of 2%, and three-year risk free interest rate of 1.26% based on the Singapore Sovereign Bond Yield. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share price of a comparable peer company over the last three years from the date of grant.

During the current year, the Company encashed and cancelled 11,935,456 of outstanding restricted shares that were previously converted to ordinary share capital with a total payment to these holders amounting to \$17,444,393. The cash payment reflected the fair value of the ordinary shares at repurchase date.

(iii) Fullerton Healthcare Corporation Limited Performance Stock Grant to Founders ("PSG")

The PSG awards ordinary shares in the company, free of payment, to founders of the company, and are subjected to clawback unless specific performance targets are achieved over a 3 year period. The fair value of the PSG granted on 23 April 2015 was \$4,537,000 determined based on the share price of \$1,936. No PSG awards were granted in 2017 (31 December 2016: \$Nil).

The expense recognised for the year ended 31 December 2016 with respect to the SOP and RSP is \$Nil (31 December 2016: \$14,291,000).

The expense recognised for the year ended 31 December 2017 with respect to the PSG is \$504,000 (31 December 2016: \$1,260,000).

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24. (c) PROCEEDS FROM EMPLOYEE'S CO-INVESTMENT PLAN

In 2015, certain employees of FHG subscribed to redeemable convertible preference shares ("RCPS") in FHG for a cash consideration of \$5,328,000. \$5,328,000 of the RCPS were issued in the year ended 31 December 2015.

The RCPS were convertible to ordinary shares in FHG upon the occurrence of the Exit Event referred to in 21(b)(i). The Group (not the employee) had the right to redeem the RCPS upon the cessation of the employees' employment with the Group. The Group had a right to convert the RCPS to ordinary shares in FHC and converted all the RCPS units to FHC shares in September 2016.

In 2016, no employees subscribed to RCPS in FHG. During 2016, all the outstanding RCPS were converted by the Company in exchange for 16,381,577 ordinary shares in the Company itself. This resulted in a change in fair value of \$19,572,000 which is accounted for as an equity transaction with owners.

25. PERPETUAL SECURITIES

On 6 April 2017, the Company issued senior perpetual securities (the "Securities") with an aggregate principal amount of US\$175,000,000 (\$236,097,143). Incremental cost incurred amounting to \$3,950,323 incurred were recognised in equity as a deduction from proceeds.

Holders of the Securities are conferred a right to receive distribution on a semi-annual basis from their issue date at the rate of 7% per annum, subject to a step-up rate from 6 April 2020.

The Securities have no fixed maturity and are redeemable in whole, but not in part, at the Group's option on 6 April 2020 (the "First Call Date") or any distribution payment date after the First Call Date at their principal amounts together with any distribution accrued to the date fixed for redemption. While any distributions are unpaid or deferred, the Group will not declare, pay dividends or make similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank.

Subject to the relevant terms and conditions in the offering memorandum, the Company may elect to defer making distributions on the perpetual securities and is not subject to any limits as to the number of times a distribution can be deferred.

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25. PERPETUAL SECURITIES

As a result, the Company is considered to have no contractual obligations to repay its principal or to pay any distributions and the perpetual securities do not meet the definition for classification as a financial liability under IAS 32 *Financial Instruments: Disclosure and Presentation*. The whole instrument is presented within equity, and distributions are treated as dividends.

During the financial year, distributions amounting to US\$6,125,000 (\$8,345,000) (2016: \$Nil) were made to perpetual securities holders.

These perpetual securities were issued for the Group's general corporate purposes as well as to finance capital expenditure and the expansion of its business.

The fair value of the bond as at balance sheet date is US\$174,300,000 (\$231,819,000), as quoted in the Singapore Exchange Securities Trading Limited ("SGX-ST").

The fair value is within level 1 of the fair value hierarchy.

26. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

(a) Market risk

(i) Currency risk

At the end of the reporting period, the carrying amounts of significant monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	Group			
	Liabilities		Assets	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
United State dollars	1,245	2,141	3,224	5,517

The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

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Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans where they gave rise to an impact on the group's profit or loss and/or equity.

If the relevant foreign currency changes by 10% against the functional currency of each group entity, profit or loss and other equity will change by:

	United States dollars impact	
	2017	2016
	\$'000	\$'000
<u>Group</u>		
Profit or loss	198	338

(ii) *Interest rate risk*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

As at 31 December 2017 and 2016 the Group's interest rate risk mainly arises from bank borrowings, which are at floating rates of interest pegged to Singapore Swap Offer Rate ("SOR") and Singapore Interbank Offered Rate ("SIBOR") plus margin.

The Group has not entered into any interest rate hedging for its bank borrowings.

Interest rate sensitivity analysis - Group

If interest rates increase/decrease by 0.5% (2016: 0.5%) with all other variables including tax rate being held constant, the profit or loss for the Group will be lower/higher by \$834,000 (2016: \$283,000) as a result of higher/lower interest expense on these borrowings.

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(b) Credit risk

The Group adopts the policy of dealing only with customers of appropriate credit history. For other financial assets, the Group adopts the policy of dealing with financial institutions and other counterparties with high credit ratings.

Credit exposure to an individual customer is restricted by the credit limit approved by the credit controller. Customers' payment profile and credit exposure are continuously monitored by the credit controller and reported to the management.

The Group does not have any significant exposures to an individual customer or related group of customers as at the end of the reporting period.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the balance sheet. The Group's major classes of financial assets are bank deposits and trade and other receivables.

(i) *Financial assets that are neither past due nor impaired*

Bank balances that are neither past due nor impaired are mainly deposits with banks which have high credit-ratings as determined by international credit-rating agencies. Trade receivables that are neither past due or impaired are substantially companies with good collection track records with the Group.

The Group's trade receivables not past due included trade receivables amounting to \$38,629,000 (2016: \$33,467,000).

(ii) *Financial assets that are past due and/or impaired*

There is no other class of financial assets that is past due and/or impaired except for trade receivables and other receivables.

The age analysis of trade receivables past due but not impaired are as follows:

	Group	
	2017	Restated 2016
	\$'000	\$'000
Past due 1 to 3 months	37,774	26,518
Past due over 3 months	17,927	14,451
	<u>55,701</u>	<u>40,969</u>

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The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	<u>Group</u> <u>2017</u> <u>\$'000</u>
Gross amount	-
Less: Allowance for impairment	(37)
	<u>-</u>
Beginning of financial year	-
Additional allowance for impairment	(37)
Allowance written back	-
End of financial year	<u>(37)</u>

The impaired trade receivables arise mainly from sales to customers which are deemed uncollectible as at the end of the reporting period.

(c) Liquidity risk

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<u>Group</u>				
	Less than 1 year	More than 1 year and less than 5 years	More than 5 years	Adjustment	Total
At 31 December 2017	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	113,478	-	-	-	113,478
Bank borrowings	51,650	16,938	-	-	68,588
Senior unsecured guaranteed bonds*	3,375	66,875	51,688	(23,697)	98,242
Leases liabilities*	24,268	75,178	64,034	(39,741)	123,739
Derivative liabilities	31,021	25,423	13,811	-	70,255
Other long term liabilities	-	10,675	-	-	10,675
	<u>223,792</u>	<u>195,089</u>	<u>129,533</u>	<u>(63,437)</u>	<u>484,977</u>

* The amounts disclosed in the table are the contractual undiscounted cash flows.

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(c) Liquidity risk

Restated	Group				
	Less than 1 year	More than 1 year and less than 5 years	More than 5 years	Adjustment	Total
At 31 December 2016	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	104,513	-	-	-	104,513
Bank borrowings	43,812	12,688	-	-	56,500
Senior unsecured guaranteed bonds	3,375	63,500	53,600	(22,632)	97,843
Lease liabilities	9,286	16,832	11,357	(5,704)	31,771
Other long term liabilities	-	9,566	-	-	9,566
	160,986	102,586	64,957	(28,336)	300,193

* The amounts disclosed in the table are the contractual undiscounted cash flows.

The group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities. The treasury department finances their liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

At 31 December 2017, the Group had available \$30 million (2016: \$30 million) of undrawn committed borrowing facilities in respect of which all condition precedents had been met.

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

The Group's current strategy remains unchanged from the previous financial year. The Group is in compliance with externally imposed capital undertakings for the financial year ended 31 December 2017. Externally imposed capital undertakings are mainly debt covenants included in certain loans of the Group requiring the Group to maintain gearing ratio, debt to equity ratio and debt service coverage ratio of not exceeding 4.00 times, 1.00 times and exceeding 1.50 times respectively.

The Group is in compliance with all externally imposed capital requirements.

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(e) Financial instruments by category

The aggregate carrying amounts of loans and receivables and financial liabilities are as follows:

	Group	
	2017	2016
	\$'000	\$'000
Loan and receivables	133,750	106,614
Financial Assets at fair value through profit or loss	76,135	-
Trade and other payables	124,153	114,079
Financial liabilities at amortised cost	290,569	186,114
Derivative Liability	70,255	-

(f) Fair value of financial assets and financial liabilities

The Group determine fair values of various financial assets and financial liabilities in the following manner:

Fair value of the Group financial assets that are measured at fair value on recurring basis.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

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(f) Fair value of financial assets and financial liabilities (continued)

Financial assets (liabilities)	Fair value as at (S\$'000)		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	2017	2016				
	Assets (liabilities)					
(i) Put options over non-controlling interests	(25,185)	-	Level 3	Binomial Pricing Model	Long term adjusted EBITDA forecast of various subsidiaries/associate, taking into account management's experience and knowledge of market condition in the medical industry.	Any increase in EBITDA will cause the fair value of the put options to increase in the fair value.
(ii) Put option over associate	(16,489)	-	Level 3	Binomial Pricing Model	Discount rates of 3.17% to 4.59% per annum.	Any decrease in discount rate will cause the increase in fair value of the put options.
(iii) Derivative liabilities	(28,581)	-	Level 3	Binomial Pricing Model	Short term adjusted EBITDA for the Group, taking into account management's experience and knowledge of the Group, and the market condition in the medical industry. Discount rate of 4.55% per annum.	Any increase in EBITDA will cause the fair value of the derivative liabilities to decrease in the fair value. Any decrease in discount rate will cause the increase in fair value of the put options.
(iv) Funds placed with professional fund managers	32,567	-	Level 2	Quoted bid price of the various funds in an active market	Not applicable.	Not applicable.
(v) Private equity investment	43,568	-	Level 3	The fixed rate of return associated with the investment in private equity instruments, ranges from 10% to 12%.	Not applicable.	Not applicable.

The fair value of contingent consideration in a business combination is estimated based on a discounted cash flow method used to capture the present value of expected payments that would be required if the subsidiaries' profit targets are met in 2017 to 2019 (Notes 17 & 22).

27. HOLDING CORPORATION

The Company's holding corporation and ultimate holding corporation is SC Sanitas Holdings Limited, incorporated in the Cayman Islands.

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28. RELATED PARTY TRANSACTIONS

- (a) In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related party at terms agreed between the parties:

	2017	Group	2016
	\$'000		\$'000
<u>Transactions with related parties</u>			
Acquisition cost incurred on behalf of a related party	4,786		-
Management fees expense	7,897		2,176
Rental expense	576		429
Capital expenditure	-		1,840
Revenue	(10)		(13)

The financial asset at fair value through profit or loss disclosed in Note 24(f)(v) is held with a related party.

Related party refers to a company with common directors.

- (b) Key management personnel compensation

Key management personnel compensation is as follows:

	2017	Group	2016
	\$'000		\$'000
Wages and salaries (including post-employment benefits)	4,947		3,893
Performance stock grant to the co-founders	504		1,260
Share-based compensation (Note A)	-		13,352
	5,451		18,505

Key management personnel include the Company's directors and senior management of its head office and respective subsidiaries.

Note A: Included in 2016 was \$7,827,000 of accelerated share-based compensation expense due to the early vesting of employee share options and restricted shares (Note 24(b)(i) & (ii)).

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29. BUSINESS COMBINATIONS

Acquisitions in 2017¹

Holding company	Navitas Limited	FHA Medical Centres Pty Ltd	Fullerton Healthcare Pte Ltd	Radlink Asia Pte Ltd	Fullerton Health Medical Centres Pty Ltd
Acquired subsidiary	Alpha Joint & Orthopedics Pte Ltd ²	FHA Medical Centres Pty Ltd	Amalan Asia Jaya Sdn Bhd and its subsidiaries ³	Medical Imaging Pte Ltd	Auscare ⁴
Acquisition date	17-Jan-17	1-May-17	22-Jun-17	30-Jun-17	1-Jul-17
Equity interest acquired	60%	100%	51%	100%	100%
Principal activity	Specialty services	Primary Care	Primary Care	Specialty services	Primary Care
Purchase consideration					
Cash	5,230	2,165	2,655	5,040	14,275
Contingent consideration	-	503	-	2,020	-
Consideration transferred for the business	5,230	2,668	2,655	7,060	14,275
Effect on cashflow of the group					
Total cash paid (as above)	5,230	2,165	2,655	5,040	14,275
Less: Cash and cash equivalents in subsidiary acquired	179	-	-	66	74
Cash outflow on acquisition	5,051	2,165	2,655	4,974	14,201
Identifiable assets acquired and liabilities assumed					
Cash and cash equivalents	179	-	-	66	74
Property, plant and equipment	2	52	-	690	1,168
Other current assets	84	113	890	470	361
Total assets	265	165	890	1,226	1,603
Trade and other payables	67	27	-	463	66
Current tax liability	23	-	-	10	-
Other current liabilities	-	-	-	25	-
Total liabilities	90	27	-	498	66
Total identifiable net assets	175	138	890	728	1,537
Add: Goodwill recognised on acquisition	5,125	2,530	2,201	6,332	12,738
Less: Non-controlling interest	70	-	436	-	-
Consideration transferred for the business	5,230	2,668	2,655	7,060	14,275
Revenue and profit contribution					
Revenue	3,016	2,074	987	2,259	3,429
Net profit/(loss) before tax	1,860	270	281	359	245 ⁵

¹ The Group has signed the agreement to acquire Intellicare Group from Philippines on 8 December 2017. The deal was completed on 17 May 2018

² Put option was granted as part of the acquisition. See note 21

³ Amalan Asia Jaya Sdn Bhd and its subsidiaries – comprising of Numedik Healthcare Sdn Bhd, Charm Capital Healthcare Sdn Bhd, Dr Azlina Healthcare Sdn Bhd

⁴ Auscare (4 companies/2 Unit Trusts) – comprising Cormist Pty Ltd, Evemont Pty Ltd, Fortwood Pty Ltd, The Trustee for the Kawana Waters 7-Day Medical Centre Unit Trust, The Trustee for the Maroochydoore 7-Day Medical Centre Unit Trust and Webfield Pty Ltd.

⁵ Includes post-merger integration costs

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Holding company	Fullerton Health Medical Centres Pty Ltd	FHA Medical Centres Pty Ltd	Radlink Asia Pte Ltd	Jobfit Health Group Pty Ltd	Fullerton Health Clinic (HK) Holdings Limited
Acquired subsidiary	Healthscope Medical Centres Pty Ltd; Sydney Breast Clinic Pty Ltd	Acquisition of assets (business)	Medisol Pte Ltd ⁶	Acquisition of assets (business)	Keith Chan Musculoskeletal and Family Medicine Centre Company Limited
Acquisition date	30-Sep-17	15-Sep-17	30-Nov-17	21-Nov-17	18-Dec-17
Equity interest acquired	100%	100%	75%	100%	70%
Principal activity	Primary Care	Primary Care	Specialty services	Primary Care	Primary Care
Purchase consideration					
Cash	58,762	1,665	3,512	494	1,158
Contingent consideration	-	706	5,550	1,013	1,390
Consideration transferred for the business	58,762	2,371	9,062	1,507	2,548
Effect on cashflow of the group					
Total cash paid (as above)	58,762	1,665	3,512	494	1,158
Less: Cash and cash equivalents in subsidiary acquired	616	-	1,391	-	-
Cash outflow on acquisition	58,146	1,665	2,121	494	1,158
Identifiable assets acquired and liabilities assumed					
Cash and cash equivalents	616	-	1,391	-	-
Property, plant and equipment	11,711	38	204	54	-
Other current assets	3,919	21	1,253	-	5
Total assets	16,246	59	2,848	54	5
Trade and other payables	7,843	48	1,852	47	-
Current tax liability	-	-	19	-	-
Other current liabilities	166	-	-	-	-
Total liabilities	8,009	48	1,871	47	-
Total identifiable net assets	8,237	11	977	7	5
Add: Goodwill recognised on Acquisition	50,525	2,360	8,329	1,500	2,545
Less: Non-controlling interest	-	-	244	-	2
Consideration transferred for the business	58,762	2,371	9,062	1,507	2,548
Revenue and profit contribution					
Revenue	13,703	926	877	631	-
Net profit/(loss) before tax	(146) ⁷	105	104	174	-

⁶ Put option was granted as part of the acquisition. See note 21

⁷ Includes post-merger integration costs

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Acquisitions in 2016

Holding company	Fullerton Healthcare Group Pte Ltd	Navitas	Fullerton Health Clinic (HK) Holdings Limited	Global Assistance & Healthcare (Singapore) Pte Ltd and Global Assistance & Healthcare Holdings Pte Ltd PT JLT Gesa
Acquired entity	AME Ambulance Services Pte. Ltd.	Orchard Heart Specialist Pte. Ltd ⁸	Dr Tony Chun Kit Lee Medical Practice Ltd	
Acquisition date	14-March-2016	18-March-2016	17-May-2016	18-May-2016
Equity interest acquired	100%	60%	100%	100%
Principal activity	Medical Evacuation and Travel Medicine Services	General Medical Services	General Medical Services	Healthcare Management Consultancy Services
Purchase consideration				
Cash	180	6,840	7,007	1,961
Equity interest transferred to non-controlling interest	-	84	-	-
Contingent consideration	120	4,560	6,946	-
Consideration transferred for the business	300	11,484	13,953	1,961
Effect on cashflow of the group				
Total cash paid (as above)	180	6,840	7,007	1,961
Less: Cash and cash equivalents in subsidiary acquired	(10)	(1)	(159)	(406)
Cash outflow on acquisition	170	6,839	6,848	1,555
Identifiable assets acquired and liabilities assumed				
Cash and cash equivalents	10	1	159	406
Property, plant and equipment	133	13	51	413
Deferred tax asset	-	-	-	1,296
Trade and other receivables	-	-	322	6,616
Inventory	-	248	161	-
Other current assets	-	-	-	169
Total assets	143	262	693	8,900
Trade and other payables	-	-	94	7,711
Finance lease liabilities	-	-	22	-
Current tax liabilities	-	-	127	-
Total liabilities	-	-	243	7,711
Total Identifiable net assets	143	262	450	1,189
Add: Goodwill recognized on acquisition	157	11,222	13,503	772
Consideration transferred for the business	300	11,484	13,953	1,961
Revenue and profit contribution				
Revenue	41	3,154	3,179	2,352
Net profit/(loss) before tax	(1)	1,005	1,056	536

⁸ Put option was granted as part of the acquisition. See note 21

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Goodwill arose in the acquisition of these subsidiaries because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and future market development of these subsidiaries. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets

30. NEW ACCOUNTING STANDARDS AND IFRS INTERPRETATIONS

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for the Group accounting periods beginning after 1 January 2017 or later periods and which the Group has not early adopted. The Group does not expect that adoption of these accounting standards or interpretation will have a material impact on the Group's financial statements, except for the following, for which management is currently still considering the potential impact on the Group:

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

The amendments clarify the following:

In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.

Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:

- i) the original liability is derecognised;
- ii) the equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and
- iii) any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.

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The amendments are effective for annual reporting periods beginning on or after 1 January 2018 with earlier application permitted. Specific transition provisions apply. Management anticipates that the initial application of the new IFRS 2 will not result in material changes to the accounting policies relating to share-based payments and has commenced an assessment of the possible impact of implementing IFRS 2. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new IFRS 2.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the requirements in dealing with the sale or contribution of assets between an investor and its associate or joint venture. In a transaction involving an associate or a joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

When an entity sells or contributes assets that constitute a business to a joint venture or associate, or loses control of a subsidiary that contains a business but it retains joint control or significant influence, the gain or loss resulting from that transaction is recognised in full.

When an entity sells or contributes assets that do not constitute a business to a joint venture or associate, or loses control of a subsidiary that does not contain a business but it retains joint control or significant influence, the gain or loss resulting from that transaction is recognised only to the extent of the unrelated investors' interests in the joint venture or associate, i.e. the entity's share of the gain or loss is eliminated.

The amendments has been deferred indefinitely, with early adoption permitted. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the amendments to IFRS 10.

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31. SUBSEQUENT EVENTS

On 15 January 2018, the Group participated in an optional capital call via subscription to new shares in an investee company (Note 26(f)(v)) for a subscription amount of \$15 million. The total principal invested amounts to \$55 million.

On 8 March 2018, Fullerton Health China Limited, an associate held by the Group, completed the acquisition of 70% of the issued share capital of Jiangsu Kangruijia Technology Investment Co, Ltd. located in People's Republic of China for a purchase consideration of \$18 million. The principal activities are operating clinic and provision of other general medical services. The initial accounting for the business combination has not been finalised at the date of authorisation of the financial statements.

On 8 May 2018, the Group entered into a subscription agreement with a corporate investor for \$200 million via issuance of convertible preference shares.

On 17 May 2018, the Group completed the acquisition of 60% stake in the Intellicare Group located in Philippines for an initial purchase consideration of \$115 million. The principal activities are provision of managed care services and provision of other general medical services. The initial account for the business combination has not been finalised at the date of authorisation of the financial statements.

32. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Fullerton Healthcare Corporation Limited on 28 May 2018.