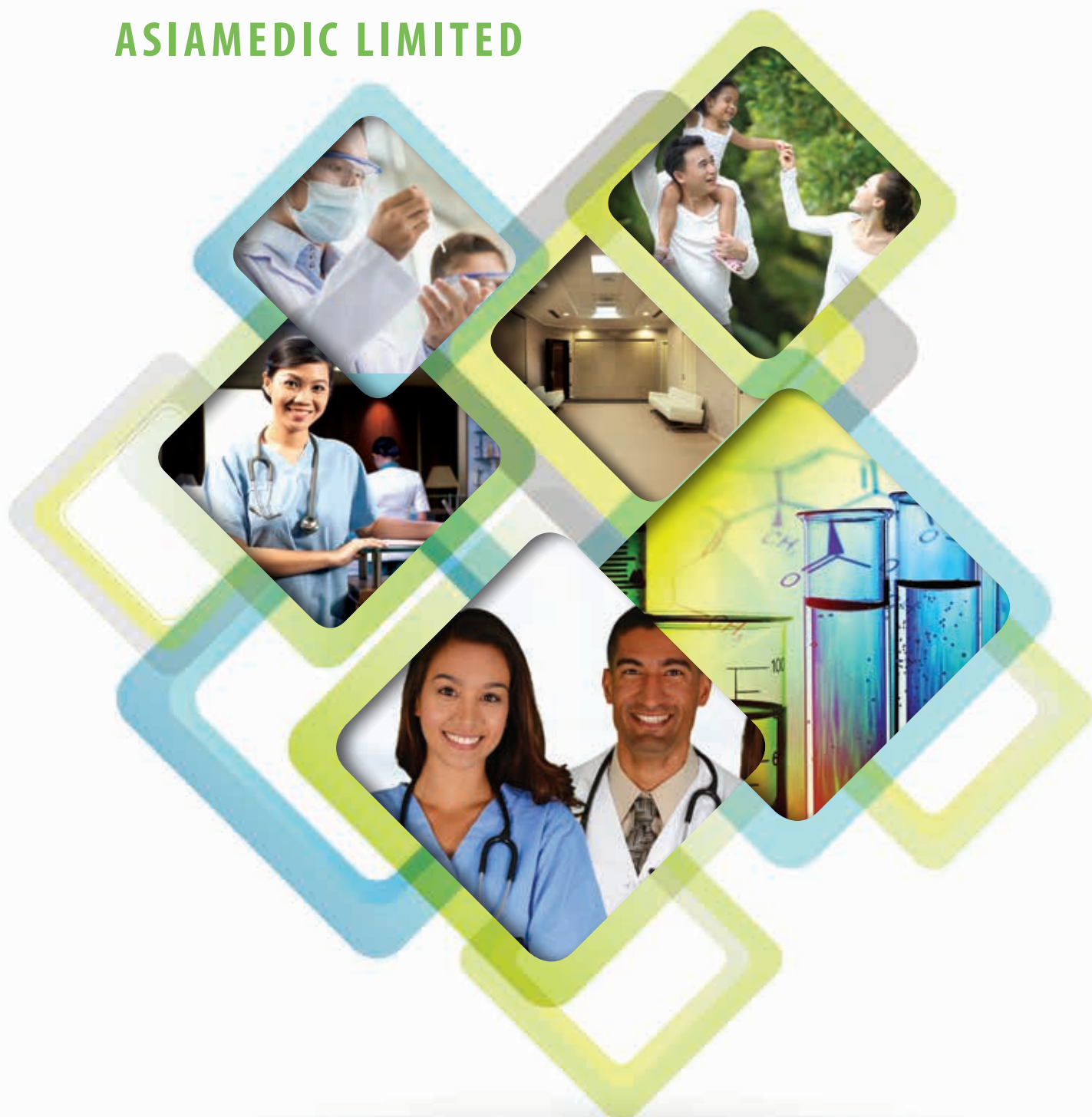


ASIAMEDIC LIMITED



DELIVERING **VALUE**
AND **EXPERTISE**

ANNUAL
REPORT
2014

Our Corporate Culture

A team oriented organization that is conducive to long term employment which is passionate, nurturing and upholds mutual respect that embraces family spirit

VALUES & BRAND PROMISE

COMPETENCE

Commitment to ensuring the highest professional standards of service and expertise

CONVENIENCE

Commitment to providing timely, appropriate and personalised healthcare information and continuity of care in an integrated one-stop wellness and diagnostic centre

CARE

Commitment to helping our clients navigate their health risks and needs through practical and personalised clinical solutions and strategies

CONFIDENCE

Commitment to ensuring patient confidence with a focus on safety, consistent processes and standards based on continuous service and clinical quality improvement and innovation

VISION

The choice healthcare provider in Singapore

MISSION

Providing holistic solutions through integrated application of the latest medical technologies to prevent and detect early illnesses to achieve positive experiences and clinical outcomes for our patients

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This report has been prepared by the Company and reviewed by the Company's sponsor, Xandar Capital Pte Ltd (the "Sponsor"), for compliance with the Listing Manual (Section B: Rules of Catalyst) of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this report including the accuracy or completeness of any of the information disclosed or the correctness of any of the statements made, opinions expressed or reports contained in this report. This report has not been examined or approved by the SGX-ST. The SGX-ST and the Sponsor assume no responsibility for the contents of this report including the correctness of any of the statements made, opinions expressed or reports contained in this report.

Contact person for the Sponsor: Ms Pauline Sim (Registered Professional, Xandar Capital Pte Ltd)
Address: 3 Shenton Way, #24-02 Shenton House, Singapore 068805
Telephone number: (65) 6319 4954

OUR CORE SERVICES

WELLNESS AND PREVENTIVE MANAGEMENT

Health Risk Assessments and Screenings, Anti-Aging and Health Risk Management programmes for optimised healthy aging and wellness.

ADVANCED DIAGNOSTIC IMAGING

General and sub-specialty CT/MRI imaging such as Cardiovascular, Neuroradiological, ENT and Musculoskeletal imagings. PET/CT imaging for diagnosis, staging, localisation and monitoring progress of cancer.

COLLABORATIVE HEALTH MANAGEMENT

Collaborative partnership with local and overseas medical specialists and centres in areas of Cardiology, Oncology, Orthopaedics, Preventive Care and many more.



ASIAMEDIC'S BUSINESS UNITS



ASIAMEDIC WELLNESS ASSESSMENT CENTRE

The AsiaMedic Wellness Assessment Centre offers a comprehensive range of preventive health screening plans for patients to identify their health risk factors so that successful early intervention and behavioural modification can be implemented. Staffed by a team of experienced and caring Medical Health Navigators, we help patients achieve optimal well-being with customised lifestyle solutions that best address their individual health risk profile. Leveraging on the latest evidence-based medical knowledge and technology, the team is committed to delivering positive clinical outcomes and experiences for patients based on AsiaMedic's philosophy of early diagnosis, pre-symptomatic diseases detection and disease prevention.



ASIAMEDIC ADVANCED IMAGING CENTRE

The AsiaMedic Advanced Imaging Centre is made up of The Orchard Imaging Centre and The Heart & Vascular Centre. Equipped with a 128-slice CT scanner and three Magnetic Resonance Imaging (MRI) scanners, the Centre provides an extensive range of advanced imaging for Cardiology, Neuroradiology, ENT, Orthopaedics, etc. Other imaging services include DEXA, Mammography, Ultrasound and general X-ray. The Centre uses an integrated RIS PACS system that streamlines operations to better serve patients referred by our clinical partners.



ASIAMEDIC POSITRON EMISSION TOMOGRAPHY (PET) CENTRE

As one of Singapore's first non-hospital based PET centres, the AsiaMedic Positron Emission Tomography (PET) Centre utilises GE's Discovery ST PET/CT scanner for cardiac and cancer imaging. This system integrates a PET scanner with a multi-slice Computed Tomography (CT) scanner and is capable of 2D and 3D imaging that significantly enhances cancer diagnosis and staging.

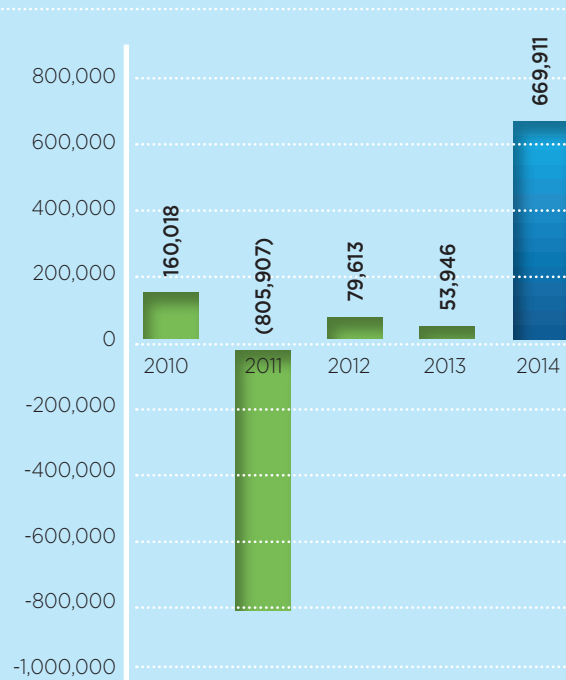
FINANCIAL HIGHLIGHTS

S\$	2010	2011	2012	2013	2014
Revenue	10,659,324	10,556,405	11,885,307	14,683,307	18,794,823
Profit/(Loss) before taxation	(55,526)	(1,172,092)	52,884	(58,115)	467,384
Profit/(Loss) for the year	24,467	(1,070,989)	33,923	64,654	646,012
Net profit/(loss) after tax attributable to owners of the Company	160,018	(805,907)	79,613	53,946	669,911
Share capital and reserves	14,481,186	13,674,029	13,715,610	13,575,783	13,954,793
Earnings per share – Basic (cents)	0.05	(0.24)	0.02	0.02	0.20
Earnings per share – Diluted (cents)	0.05	(0.24)	0.02	0.02	0.20
Net asset value per share (cents)	4.32	4.00	4.00	4.00	4.12

REVENUE (S\$)



NET PROFIT/(LOSS) AFTER TAX ATTRIBUTABLE TO OWNERS OF THE COMPANY (S\$)



CHAIRMAN'S STATEMENT



After a year of acquisitions and partnerships in 2013, FY2014 was the time to consolidate and nurture the growth of these new businesses, to successfully assimilate with the rest of the Group. With CHI and Astique on board, our capabilities to become a quality premier healthcare service provider while expanding our core customer base, have been further strengthened.

Dear Shareholders,

The financial year ended 31 December 2014 ("FY2014") has been an encouraging year for AsiaMedic. The Group achieved revenue growth of 28% to S\$18.8 million in FY2014, from S\$14.7 million a year ago ("FY2013"), as we continued to forge ahead with our marketing efforts. Our core Diagnostic Imaging and Wellness Services businesses saw higher patient volume and improved utilisation rates, growing revenue by S\$1.2 million and S\$0.6 million respectively. On top of that, full-year contribution from our new businesses acquired last year, 80%-owned Complete Healthcare International Pte Ltd ("CHI") and 70%-owned AsiaMedic Astique The Aesthetic Clinic ("Astique"), boosted the Group's FY2014 revenue growth.

Growth in our core businesses was supported by an increased awareness in preventive healthcare, an increasingly greying population, and Singapore's reputation as a regional medical tourism hub. Rising affluence across the region has also lent support to the growing demand for the Group's services.

After a year of acquisitions and partnerships in 2013, FY2014 was the time to consolidate and nurture the growth of these new businesses, to successfully assimilate with the rest of the Group. With CHI and Astique on board, our capabilities to become a quality premier healthcare service provider while expanding our core customer base, have been further strengthened.

CHAIRMAN'S STATEMENT

In February 2014, our 25%-owned associated company, Cryoviva Singapore Pte Ltd ("Cryoviva"), received its license and commenced operations to provide stem cell cord blood banking service in Singapore. Becoming Singapore's third private stem cell cord blood bank marks an important milestone for the Group, as we believe there is great potential for this field in Singapore. With the commencement of operations, our portfolio of medical services is brought to a new height.

While there was no significant regional development in FY2014, operations at our Shanghai post-natal confinement centre and the medical centre remain stable and are steadily improving.

Our balance sheet remains strong. Cash flow from operations remains healthy, given the cash generative nature of our business. This puts us in a good position to take on strategic opportunities to grow the business further.

In January 2015, Dr Wong Weng Hong resigned as CEO of AsiaMedic. Dr Wong has been with the Group since March 2012 and I would like to take this opportunity to thank Dr Wong for his contributions to the Group. While the CEO recruitment is underway, we have a strong team in place and have set up a Management Committee comprising Mr Andi Solaiman, our Director, Mr Jonathan Joseph Tan, our Chief Operating Officer

and Dr Wong Kae Thong, our GM for Wellness Services, where Mr Solaiman will provide the support and overall direction for the Group, Mr Tan will provide the operational and management support and Dr Wong Kae Thong will oversee the clinical and management support.

Positive macro trends as well as Singapore's strong reputation as a regional medical tourism hub augur well for demand for quality healthcare services in Singapore. Medical tourism in Singapore has been consistently growing and there is still potential for further development, as Singapore remains on the forefront in the application of latest medical technologies in this region. I believe AsiaMedic is in a good position to benefit from such trends in the years ahead.

Given its current capabilities and the positive trends, the Group aims to expand its businesses and widen its reach. The Group remains on the lookout for strategic opportunities to enhance its service offerings to bring even better, more complete quality healthcare services to patients. At the same time, we will strive to stay ahead as "The Choice Healthcare Provider" in Singapore and Southeast Asia and aim to deliver the best level of service in our field. By strengthening our capabilities and driving operational performance, we remain committed to deliver value for our shareholders and expertise to the community that we live in.

NOTE OF APPRECIATION

I would like to express my gratitude to the Board of Directors, for their valuable input and moral support, as we continue to enhance our new medical practices. Let us strive towards improving value for our stakeholders.

On behalf of the Board, I would like to thank our shareholders, clients and business partners for their continuing support of AsiaMedic. Last but not least, I would also like to thank our management and team of professionals for their dedication and passion throughout the year. I look forward to your continued contribution and together, we can achieve greater height and success.

TAN WANG CHEOW PBM

Non-Executive Chairman

OPERATIONS REVIEW

During the year, the Group saw strong demand for its core Diagnostic Imaging and Wellness Services businesses, from both locals and foreigners, underpinned by an increased awareness about preventive healthcare, a growing aging population and rising affluence in the region. Our strong branding as a premier quality healthcare service provider as well as Singapore's reputation as a regional medical tourism hub helped to draw clients to the Group. We remain committed to growing our business through our concerted marketing efforts and enhancing our portfolio of services.

With increased patient volume, utilisation rates for our imaging equipment improved. In order to offer more reliable, safe and up-to-date imaging technology to our patients, the Group continuously reviewed and replaced our Magnetic Resonance Imaging (MRI), Computed Tomography (CT), X-rays and Positron Emission Tomography (PET) equipment, with the most advanced medical scanners available on the market.

Currently, our AsiaMedic PET Centre offers GE's Discovery ST PET/CT scanner, an integrated PET/CT system completely optimized for both cardiac and cancer care. This system integrates a Positron

Emission Tomography (PET) scanner with a multi-slice Computed Tomography (CT) scanner and has the capability to carry out 2D and 3D imaging. This Discovery ST system provides physicians with increased sensitivity, speed, resolution and diagnostic confidence when treating cancer patients. PET/CT imaging is a powerful and exciting imaging technology that holds great promise in cancer management.

MRI and CT scans provide anatomic imaging of the physical structure of the body, while a PET scan provides a metabolic imaging that detects abnormalities in cell tissues based on cellular metabolism. An integrated PET/CT scan produces a combined image of the organs metabolism and structure, allowing us to better understand the changes in the body.

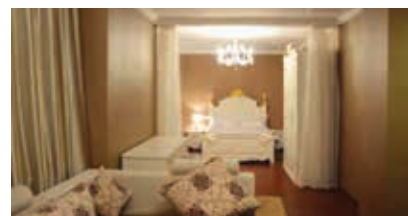
With our advanced diagnostic imaging equipment and team of specialists, we are able to provide more reliable, safe and state-of-the-art imaging services for our patients. Doctors, who refer their patients to us, will be assured that their patients are in the best medical facility in town that provides the best available care.

Over at the Wellness Services business, our 80%-owned

subsidiary Complete Healthcare International Pte Ltd ("CHI"), a multi-doctor medical practice with expatriates in mind, continued to see stable demand for its services. We saw improved demand for non-invasive aesthetic treatments at our 70%-owned subsidiary AsiaMedic Astique The Aesthetic Clinic ("Astique"), which provides medical aesthetic treatments such as laser skin treatments and dermal fillers. These businesses enhance AsiaMedic's portfolio of services, allowing the Group to extend its reach to a wider base of patients, which in turn allows for more marketing opportunities for its other core businesses. The Group had acquired CHI in May 2013 and Astique in June 2013.

Going forward, we continue to see increasing demand for our medical services as the underlying trends in the industry remain favourable. Additionally, Singapore remains on the forefront in the research for new medical technologies, which would support its growth as a regional medical tourism hub. Given the positive trends, the Group is well poised to expand its businesses and widen its reach.

MR JONATHAN JOSEPH TAN
Chief Operating Officer



FINANCIAL REVIEW



The Group's Diagnostic Imaging and Wellness Services businesses had a better year, growing revenue by S\$1.2 million and S\$0.6 million respectively, to S\$11.1 million and S\$4.2 million respectively. Coupled with full-year contribution from CHI and Astique, the Group's FY2014 revenue increased by 28% to S\$18.8 million, from S\$14.7 million in FY2013.

Other income surged 599% to S\$1.2 million due mainly to a gain on disposal of equipment, payouts received from the Productivity and Innovation Credit and Wage Credit Schemes, fair value gains on contingent consideration and put options granted to non-controlling interests, and grants received during the year.

Total operating expenses increased by 28% to S\$19.7 million in FY2014 along with higher revenue. Consumables used increased by 47% to S\$2.1 million due mainly to the inclusion of CHI and Astique whose businesses have proportionately higher medication and procedural contents compared with the Group's diagnostic imaging and wellness service businesses. Employee benefits expense increased by 41% to S\$8.7 million due mainly to higher headcount and the inclusion of the full year's staff costs from CHI and Astique, which were acquired in FY2013. Depreciation expense increased by 12% to S\$1.3 million due to additions of property, plant and equipment. Operating lease expenses grew 18% to S\$1.6 million

due mainly to additional floor space leased on the 10th floor of Shaw House and the inclusion of the full year's rental of CHI. Maintenance of equipment expenses decreased by 13% to S\$625,740 as many medical equipment are new and are, therefore, still under warranty period. Laboratory and consultancy costs increased by 14% to S\$2.4 million in line with revenue growth.

The Group obtained bank financing for the acquisition of CHI and other capital expenditure, which resulted in the increase in finance costs to S\$163,345 in FY2014 from S\$67,433 in FY2013. Other operating expenses increased by 19% to S\$2.7 million due mainly to the inclusion of the full year's operating expenses of CHI and

FINANCIAL REVIEW

Astique which were acquired in FY2013, a higher group sales volume, and a higher impairment charge of convertible and short term loans granted to the medical and post-natal centres in Shanghai (\$237,000 in FY2014 compared with \$172,000 in FY2013).

Share of results of associates in FY2014 decreased by 70% to S\$138,775 due mainly to the start-up losses of Cryoviva Singapore Pte Ltd, which commenced operations during the year.

Consequently, profit before tax improved to S\$467,384 in FY2014 from a loss of S\$58,115 in FY2013.

Income tax credit increased by 45% to S\$178,628 from S\$122,769 in FY2013 due mainly to under-provision of deferred tax asset in previous years.

As a result, the Group registered a net profit attributable to owners of the Company of S\$669,911 for FY2014 compared with S\$53,946 for FY2013. Earnings before interest, taxation, depreciation and amortisation (EBITDA) for FY2014 was 59% higher at S\$2 million, compared to S\$1.2 million for FY2013.

FINANCIAL POSITION

The Group's net assets attributable to shareholders stood at S\$14 million as at 31 December 2014, from S\$13.6 million a year ago. Based on the total number of issued shares of 338,988,125 shares, this translates into a net asset value per share of 4.12 Singapore cents. As a result of the lower current liabilities, net current assets increased to S\$5.3 million as at 31 December 2014, from S\$4.3 million as at 31 December 2013.

Non-current assets decreased to S\$11.6 million as at 31 December 2014, from S\$12.0 million as at 31 December 2013 mainly due to lower property, plant and equipment after accounting for depreciation. The decrease in convertible loans was due to impairment provision.

Current assets decreased to S\$10.8 million as at 31 December 2014, from S\$11.1 million as at 31 December 2013. Cash and short-term deposits decreased to S\$6.3 million as at 31 December 2014, from S\$7.2 million as at 31 December 2013. Other receivables and deposits increased due mainly to the higher expected reimbursement of contingent consideration from a non-controlling interest and higher proceeds from the disposal of medical equipment. Short-term loan receivables increased due to additional working capital loans extended to the medical and post-natal centres in Shanghai, net of impairment provision.

Current liabilities decreased to S\$5.5 million as at 31 December 2014, from S\$6.8 million a year ago. Notably, other payables and accruals decreased due mainly to payments in FY2014 for the second tranche of the purchase consideration for the CHI acquisition and the purchase of medical equipment and renovations. This offset the increase in trade payables, deferred income, obligations under finance leases loans and borrowings. Non-current liabilities were flat at S\$3.0 million.

CASH FLOW

The Group's cash flow from operating activities increased to S\$1.8 million in FY2014 from S\$0.5 million in FY2013, mainly due to a decrease in trade and other receivables and prepayments. Net cash outflow from investing activities decreased to S\$1.7 million in FY2014 from S\$3.0 million in FY2013. The repayment of obligations under finance leases, loans and borrowings resulted in a net cash outflow from financing activities of S\$1.0 million in FY2014, compared with a net cash inflow of S\$0.5 million in FY2013. As a result, cash and short-term deposits decreased to S\$6.3 million as at 31 December 2014, from S\$7.2 million as at the end of FY2013.

BOARD OF DIRECTORS



MR TAN WANG CHEOW PBM

*Non-Executive Chairman
B.Acc., National University of Singapore*

Mr Tan joined the Board as Non-Executive Chairman in June 2012. Mr Tan brings substantial international business experience and expertise to the Board. He is currently the Executive Chairman of SGX mainboard-listed Food Empire Holdings Limited which he founded and taken public in 2000.

Being actively involved in the local grassroots community since 1990, Mr Tan was awarded the Public Service Medal in 2014 for his contributions to the society and business. He holds a Bachelor of Accountancy from the National University of Singapore.



MR ANDI SOLAIMAN

*Non-Executive Director
BA and MBA, Drury University (USA)*

Mr Solaiman is a director in several companies within the Salim Group. His involvement in the Salim Group includes the coverage of the group's activities in the petrochemical, chemical, real estate and food industries. He is also a non-executive director of Solagran Limited listed on Australian Stock Exchange.



MR ARTHUR NG BOON CHYE

Independent Director

Mr Ng recently retired from his positions as President of international business at Metro Private Limited (Singapore), Commissioner of Metropolitan Retailmart (Indonesia) and Chairman of Singapore Chamber of Commerce Indonesia.

He was also previously CEO of Kmart-Metro Private Limited, Director of Operations for Metro Private Limited, shareholder's representative in Orchard Square Development, and Deputy General Manager of Galleries Lafayette.

He is currently serving as a council member on the President's Advancement Advisory Council of The National University of Singapore.



MR GOH KIAN CHEE

*Independent Director
B.A. (Hons), Middlesex University (London, UK)*

Mr Goh is presently a Consultant in the National University of Singapore, Centre For the Arts. He is an independent director of Indofood Agri Resources Limited and China Minzhong Food Corporation Ltd. Widely experienced in regional management and finance, Mr Goh had previously held senior executive positions with large multinational companies such as Mobil Petrochemicals Asia Pacific and John Hancock International Private Limited.



MR MARK ALLAN ERHART

*Independent Director
B.A., cum laude, Economics and Finance,
University of Puget Sound; J.D., University of
Washington School of Law*

Mr Erhart is Executive Vice President, Emergency Asia, at Danish company Falck A/S, a leading global provider of emergency services. He is also a director of the company's Singapore entity, Falck Emergency Asia Pte Ltd. Mr Erhart has extensive direct investment and deal experience of the healthcare sector in Asia and the Middle East. Prior to joining Falck, Mr Erhart founded and managed Sentosa Capital Advisors, a Singapore-based healthcare advisory firm, from 2010 to 2013, and was the Executive Director, Healthcare, at Mubadala Development Company in Abu Dhabi, U.A.E., from 2006 to 2010. He also served as Vice President, Corporate Development, at Parkway Group Healthcare Pte Ltd from 2002 to 2006.



MS SUZANNE LIAU

*Non-Executive Director
M.A., Cambridge University (England)*

Ms Liao qualified to practice as a solicitor in England (1975) and in Singapore (1977), and was admitted to the California Bar (1988). In her current practice, Ms Liao engages in transaction work both in Singapore and abroad.

KEY MANAGEMENT

MR JONATHAN JOSEPH TAN

Chief Operating Officer

B.Sc Eng (Hons), B.A Mgt (Hons), Mast.Int.Bus, Mast. HealthAdmin, Mast.Sc.Inn, DipPsy, ThD

Mr Tan was appointed as Chief Operating Officer on May 2011. Prior to his current appointment, he was the General Manager of Healthway Medical Group and Assistant Director with The National Healthcare Group. Earlier, he had been headhunted by Société Générale de Surveillance for the position of Division Manager and the Head of Corporate Sales & Marketing (North Asia) and was identified as the top 5% of SGS Managers and sent to IMD for higher management development in Geneva and Lausanne.

Mr Tan also holds the rank of Lieutenant Colonel (NS) and was honoured and awarded the Best NS Man of the year for Commissioned Officers by the Ministry of Home Affairs in 2012. He is an active NS Officer with over 25 years of leadership experience and is the Battalion Commander for 1st Division for the SCDF, having served with the Singapore Armed Forces previously. He was appointed by the Ministry of Home Affairs and the Prime Minister's Office as a member and sits on the Board of Governors with the HomeTeam NS Committee since 2014.

MR STANLEY WOO

Group Financial Controller

B. Com.

Mr Woo holds a Bachelor of Commerce degree from the University of Melbourne. As the Group Financial Controller of AsiaMedic Limited, Mr Woo oversees the Group's finance, legal, accounting and taxation functions. He has more than 20 years of finance and accounting experience. Prior to joining AsiaMedic, Mr Woo spent 8 years as the Financial Controller of a public listed manufacturing company. He also has 7 years of public accounting experience. Mr Woo is a member of the Institute of Singapore Chartered Accountants.

DR KEVIN CHEN

Consultant Radiologist

General Manager - Advanced Imaging Centre

MB ChB, MRCP, FRCR, FAMS

Dr Kevin Chen graduated from the University of Bristol Medical School in the UK. He is a member of the Royal College of Physicians (London), a Fellow of the Royal College of Radiologists and a Fellow of the Academy of Medicine, Singapore. Prior to joining AsiaMedic, Dr Chen was a consultant radiologist at the Singapore General Hospital where he was a director of the Advanced Imaging Centre and the SingHealth Centre for Non-Invasive Advanced Cardiovascular Imaging. He has a special interest in cardiovascular imaging and has completed a Fellowship in this radiological sub-specialty at the Cleveland Clinic Foundation, Ohio, USA.

DR WONG KAE THONG

Medical Director

Wellness Assessment Centre

MD, MRCPCh, MMed (Paed)

Dr Wong Kae Thong is a graduate of the University of Western Ontario, Canada. She is a general practitioner who has special interests in preventive health screening, travel medicine, and women's and children's health. She has practised medicine in rural settings and paediatric medicine in hospital settings. Dr Wong has been involved in preventive health and wellness care for individual and corporate patients since 2005.

GROUP STRUCTURE

EQUITY INTEREST 100%

SUBSIDIARIES

The Orchard Imaging Centre Pte Ltd
Asiamedic Heart & Vascular Centre Pte Ltd
Asiamedic PET/CT Centre Pte Ltd
Wellness Assessment Centre Pte Ltd
AMC Healthcare Pte Ltd
Asiamedic Eye Centre Pte Ltd *
Asiamedic Cytolife Pte Ltd
Asiamedic China Co., Ltd

80%

Complete Healthcare International Pte Ltd

70%

AsiaMedic Astique The Aesthetic Clinic Pte Ltd

33%

ASSOCIATES

Positron Tracers Pte Ltd

25%

Cryoviva Singapore Pte Ltd

* Inactive



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Tan Wang Cheow
Mr Andi Solaiman
Ms Suzanne Liau (appointed 26 April 2014)
Mr Arthur Ng Boon Chye
Mr Goh Kian Chee
Mr Erhart Mark Allan

AUDIT AND RISK MANAGEMENT COMMITTEE

Mr Goh Kian Chee (Chairman)
Mr Arthur Ng Boon Chye
Mr Erhart Mark Allan

NOMINATING COMMITTEE

Mr Arthur Ng Boon Chye (Chairman)
Mr Andi Solaiman
Mr Goh Kian Chee

REMUNERATION COMMITTEE

Mr Goh Kian Chee (Chairman)
Mr Arthur Ng Boon Chye
Mr Andi Solaiman

REGISTRAR AND SHARE TRANSFER OFFICE

KCK CorpServe Pte Ltd
333 North Bridge Road
#08-00 K H KEA Building
Singapore 188721

COMPANY SECRETARY

Ms Foo Soon Soo

AUDITORS

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Mr Tan Swee Ho
(Since financial year
ended 31 December 2013)

REGISTERED OFFICE

350 Orchard Road
#08-00 Shaw House
Singapore 238868
Tel: (65) 6789 8888
Fax: (65) 6738 4136
Email: info@asiamedic.com.sg
Website: www.asiamedic.com.sg

PRINCIPAL BANKERS

DBS Bank Ltd
Hong Leong Finance Limited

CATALIST SPONSOR

Xandar Capital Pte Ltd
3 Shenton Way
#24-02 Shenton House
Singapore 068805

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors of AsiaMedic Limited (the “Company”) is committed to ensuring that high standards of corporate governance and transparency are practised for the protection of shareholders’ interests. This Statement describes the corporate governance framework and practices of the Company with specific reference made to each of the principles of the Code of Corporate Governance 2012 (the “Code”). The Company will continue to improve its systems and corporate governance processes in compliance with the Code.

BOARD MATTERS

The Board’s Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and the Management remains accountable to the Board.

The Board of Directors (the “Board”) comprises six Directors having the appropriate mix of core competencies and diversity of experience to direct and lead the Company. As at the date of this Statement, the Board comprises the following members:

1. Mr Tan Wang Cheow (Non-Executive Chairman)
2. Mr Andi Solaiman (Non-Executive Director)
3. Ms Suzanne Liao (Non-Executive Director)
4. Mr Arthur Ng Boon Chye (Independent Director)
5. Mr Goh Kian Chee (Independent Director)
6. Mr Erhart Mark Allan (Independent Director)

The primary role of the Board is to protect and enhance long-term shareholders’ value. It provides entrepreneurial leadership, sets the strategies of the Group (comprising the Company and its subsidiaries), and sets directions and goals for the Management. It supervises the Management and monitors performance of these goals to enhance shareholders’ value. The Board is responsible for the overall corporate governance of the Group including setting its strategic direction, establishing goals for Management and monitoring the achievement of these goals. The Board also considers sustainability issues. The Board has in place a Board Charter which sets out the responsibilities for it to oversee the business affairs of the Group and the matters that are specifically reserved to the Board for approval.

Matters which are specifically reserved to the Board for approval are:

- (a) matters involving a conflict of interest for a substantial shareholder or a director;
- (b) strategic policies of the Group;
- (c) annual budgets;
- (d) material acquisitions and disposal of assets;
- (e) corporate or financial restructuring;
- (f) share issuances, interim dividends and other returns to shareholders;

STATEMENT OF CORPORATE GOVERNANCE

- (g) any material investments or expenditure not in the ordinary course of the Group's businesses; and
- (h) substantial borrowings or financial commitments or any transaction of financial nature which will involve the Group assuming debt and/or contingent liabilities.

All Directors exercise due diligence and independent judgment, and make decisions objectively in the best interests of the Group.

The present Board comprises six members. Of the six Board members, three are Non-Executive and three are Independent Directors.

Name of Director	Board Appointments		Board Committees		
	Non-Executive Director	Independent Director	Audit and Risk Management Committee	Committee Remuneration	Nominating Committee
Mr Tan Wang Cheow	*				
Mr Andi Solaiman	*			Member	Member
Ms Suzanne Liau	*				
Mr Arthur Ng Boon Chye		*	Member	Member	Chairman
Mr Goh Kian Chee		*	Chairman	Chairman	Member
Mr Erhart Mark Allan		*	Member		

Ms Suzanne Liau was appointed as a Non-Executive Director on 26 April 2014

The Board has formed the Audit and Risk Management Committee ("ARMC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") (collectively, the "Board Committees" or individually, a "Board Committee") to assist in carrying out and discharging its duties and responsibilities efficiently and effectively.

These Board Committees function within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis. The effectiveness of each Board Committee is also constantly reviewed by the Board. Principles 4 to 5, 7 to 9, 11 to 13 detailed the activities of the NC, RC and ARMC respectively.

The following table discloses the number of meetings held for Board and Board Committees and the attendance of all Directors in FY2014:

	Board	Audit and Risk Management Committee	Remuneration Committee	Nominating Committee
Number of meetings held	4	2	2	1
Name of Director	Number of meetings attended			
Mr Tan Wang Cheow	4	NA	NA	NA
Mr Andi Solaiman	3	NA	1	-
Mr Arthur Ng Boon Chye	4	2	2	1
Mr Goh Kian Chee	4	2	2	1
Mr Erhart Mark Allan	3	2	NA	NA
Ms Suzanne Liau	3	NA	NA	NA

NA - The Directors are non-members of the Board Committee

STATEMENT OF CORPORATE GOVERNANCE

While the Board considers Directors' attendance at Board meetings as important, it should not be the only criterion to measure their contributions. The Board also takes into account the contributions by Board members in other forms including periodical reviews, provision of guidance and advice on various matters relating to the Group.

Briefings and updates were provided for Directors in FY2014.

The Company has in place an orientation process. A new incoming director is issued a formal letter of appointment setting out his duties and obligations.

The new director will also be briefed by the chairman of the Board and the directors on the Board and Board Committee composition and interaction, conduct of meetings, corporate governance policies, disclosure of interests in securities, prohibition of dealings in the Company's securities, restrictions on the disclosure of price-sensitive information, risk management, strategies and business activities of the Group. The new director will be introduced to the Chief Executive Officer ("CEO") and senior management facilitating independent access to senior management.

The NC reviews and makes recommendations on the training and professional development programs to the Board as and when applicable.

On at least a half yearly basis and as and when appropriate, the Board is briefed:

- (1) By the auditors and Company Secretary on the financial, legal and regulatory requirements which include the following:
 - (a) Director's duties in respect of the Company's financial statements;
 - (b) enhanced provisions under the Listing Manual of the Singapore Exchange Securities Trading Limited, Section B: Rules of Catalist ("Catalist Rules") and amendments to the Companies Act;
 - (c) Code of Corporate Governance; and
 - (d) financial reporting standards relevant to the Group.
- (2) By the senior management on the business environment and outlook for the Group's businesses.

BOARD COMPOSITION AND BALANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board consists of six Directors, three of whom are Non-Executive and three are Independent Directors.

STATEMENT OF CORPORATE GOVERNANCE

The criterion for independence is based on the definition given in the Code. The Code has defined an “independent” director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director’s independent business judgment with a view to the best interests of the Group. The independence of each Director is reviewed annually by the NC, based on the definition of independence as stated in the Code.

The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience and collectively possess the necessary core competencies for effective functioning and informed decision-making. The NC also considers the renewal of the Board for good governance.

To facilitate the Board renewal process, the three Independent Directors have offered to retire at the forthcoming annual general meeting (“AGM”). Of the three independent directors, Mr Arthur Ng and Mr Goh Kian Chee have served as Independent Directors for more than nine years as at the AGM. Mr Mark Erhart and Mr Ng are retiring and will not seek re-election at the AGM. At the recommendation of the NC, Mr Goh who is also the ARMC Chairman will remain as Director in order to pace the retirement of our Directors with institutional memory and the orderly transfer of accumulated knowledge. The Board is of the view that besides fulfilling the criteria of independence as set out in the Code, Mr Goh has over the years developed significant insights in the Group’s business and operations, and can continue to provide significant and valuable contribution objectively to the Board as a whole; yet he has and continued to demonstrate independent mindedness and conduct at board meetings. The Board is of the view that Mr Goh is independent. Mr Goh has abstained from the NC’s and Board’s review of his independence.

The Board will be seeking to appoint new Independent Directors to ensure that the Independent Directors will form one-third of the Board in accordance with Guideline 2.1 of the Code and reconstituting the NC, RC and ARMC.

Particulars of interests of Directors, who held office at the end of the financial year, in shares in the Company and in related corporations (other than wholly-owned subsidiaries) are set out in the Directors’ Report of the Annual Report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company’s business. No one individual should represent a considerable concentration of power.

The roles of the Chairman and the CEO are separate and distinct, each having their own areas of responsibilities. The Company believes that a distinctive separation of responsibilities between the Chairman and the CEO will ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

The Chairman is primarily responsible for the effective working of the Board. The CEO is responsible for overseeing the day-to-day operations of the Group.

STATEMENT OF CORPORATE GOVERNANCE

The Chairman of the Board is Mr Tan Wang Cheow who is a Non-Executive Director. The Chairman chairs the meetings of the Board and ensures effectiveness of the Board including setting agenda for Board meetings with input from Management, and ensures there is sufficient allocation of time for thorough discussion of each agenda item, promoting open environment for debate, and ensuring that all the Directors are able to speak freely and contribute effectively.

Dr Wong Weng Hong, the CEO oversaw the day-to-day operations of the Group until his resignation on 31 January 2015. The Board is actively sourcing for a replacement CEO. In the interim, Mr Andi Solaiman, Non-Executive Director, in consultation with the Board, oversees the operations of the Group.

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The Nominating Committee ("NC") comprises three members, a majority of whom are independent. The members of the NC are:

Mr Arthur Ng Boon Chye	Chairman	Independent Director
Mr Goh Kian Chee	Member	Independent Director
Mr Andi Solaiman	Member	Non-Executive Director

As mentioned earlier, Mr Arthur Ng will retire at the forthcoming AGM. The Board will reconstitute the NC when a new replacement director is appointed.

The NC has written terms of reference, under which the key functions of the NC are as follows:

- (a) review of board succession plans for directors, in particular, the Chairman and for the CEO;
- (b) develop a process for evaluation of the performance of the Board, its Board Committees and directors, and undertake assessment of the effectiveness of the Board, Board Committees and individual directors, including setting a limit on multiple board representations of directors where applicable;
- (c) review the training and professional development programs for the Board;
- (d) recommend to the Board the appointment and re-appointment of directors; and
- (e) assess the independence of the independent directors.

Succession Planning

The NC will review board succession plans for directors, and will seek to refresh the Board membership in an orderly manner where it deems applicable. As part of the board renewal process, Mr Arthur Ng will retire as a Board member, and as Chairman of the NC and member of RC and ARMC. Mr Mark Erhart will retire as a Board member and member of the ARMC.

STATEMENT OF CORPORATE GOVERNANCE

Multiple Board Representations

The NC considers and it is of the view that it would not be appropriate to set a limit on the number of directorships that a Director may hold because Directors have different capabilities, and the nature of the organisations in which they hold appointments and the kind of committees on which they serve are of different complexities, and for each Director to personally determine the demands of his or her competing directorships and obligations and assess the number of directorships they could hold and serve effectively.

Selection, Appointment and Re-Appointment of Directors

The Company has in place the policy and procedures for the appointment of new directors to the Board, including a description on the search and nomination process. The NC will conduct an annual review of the composition of the Board in terms of the size and mix of skills and qualifications of Board members. It may, if it deems appropriate, recommend the appointment of additional directors to strengthen the composition of the Board or as part of ongoing Board renewal process. The NC will review and identify the desired competencies for a new appointment.

Where there is a resignation or retirement of an existing director, the NC will re-evaluate the Board composition to assess the competencies for the replacement.

Once the NC has determined the desired competencies for an additional or replacement director to complement the skills and competencies of the existing directors, it will submit its recommendations to the Board for approval.

Candidates are first sourced through a network of contacts and identified based on the established criteria. Recommendations from directors and management are the usual source for potential candidates. Where applicable, search through external search consultants can be considered.

The NC will shortlist candidates and conduct formal interviews with each of them to assess their suitability and to verify that the candidates are aware of the expectations and the level of commitment required. Finally, the NC will make recommendations on the appointment(s) to the Board for approval.

Ms Suzanne Liao was identified by the NC as a candidate which could complement the Board's skill and competence with her legal experience and was recommended for appointment as Director to the Board. Ms Liao was appointed Director by the Board on 26 April 2014.

Under the Articles of Association of the Company, all new directors appointed by the Board will be required to retire and be eligible for re-election at the next AGM. Ms Liao as a newly appointed Director will retire at the forthcoming AGM and has consented to stand for re-election.

The Articles of Association of the Company require one-third of the Board to retire from office at each AGM. Accordingly, the Directors will submit themselves for re-nomination and re-election at regular intervals of at least once every 3 years. Mr Arthur Ng and Mr Mark Erhart will retire at the forthcoming AGM pursuant to the Articles of Association but will not stand for re-election as mentioned earlier.

STATEMENT OF CORPORATE GOVERNANCE

BOARD PERFORMANCE

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The NC examines the Board's size to satisfy that it is appropriate for effective decision making, taking into account the nature and scope of the Group's operations.

The NC has reviewed and evaluated the performance of the Board as a whole, taking into consideration the attendance record at the meetings of the Board and Board Committees and also the contribution of each Director to the effectiveness of the Board. Notwithstanding that some of the Directors have multiple board representations, the NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group.

This process includes having the Directors complete a performance evaluation form seeking their evaluation on various aspects of Board performance, such as Board's level of governance, effective delegation to the Board Committees, leadership and accountability. The Company Secretary compiles the Directors' evaluation into a consolidated report. The report is discussed at the NC meeting and also shared with the entire Board.

The NC has reviewed the evaluations of the Board and individual Directors and is satisfied that the Board has been effective in the conduct of its duties and the Directors have each contributed to the effectiveness of the Board.

ACCESS TO INFORMATION

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

All Directors are from time to time furnished with information concerning the Group to enable them to be fully cognizant of the decisions and actions of the Group's Management. The Board has unrestricted access to the Group's records and information.

Senior members of Management are available to provide explanatory information in the form of briefings to the Directors or formal presentations in attendance at Board meetings, or by external consultants engaged on specific projects.

The Board has separate and independent access to the Company Secretary and to other senior management executives of the Group at all times in carrying out their duties. The Company Secretary attends all Board meetings and meetings of the Board Committees of the Company and ensures that Board procedures are followed and that applicable rules and regulations are complied with. The minutes of all Board Committees' meetings are circulated to the Board.

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfill their duties and responsibilities as Directors.

STATEMENT OF CORPORATE GOVERNANCE

REMUNERATION MATTERS

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his remuneration.

The Remuneration Committee (“RC”) comprises three members, all of whom are Non-Executive and a majority of whom are Independent Directors, including the Chairman of the RC. The members of the RC are:

Mr Goh Kian Chee	Chairman	Independent Director
Mr Arthur Ng Boon Chye	Member	Independent Director
Mr Andi Solaiman	Member	Non-Executive Director

As mentioned earlier, Mr Arthur Ng will retire at the forthcoming AGM. The Board will reconstitute the RC when a new replacement director is appointed.

The RC carried out their duties in accordance with the terms of reference which include the following among other things:

- (a) review and recommend to the Board a framework for remuneration for the directors and key executives of the Group;
- (b) review and recommend directors’ fees for non-executive directors for approval at the AGM;
- (c) determine specific remuneration packages for each executive director as well as key management personnel;
- (d) review the Group’s obligations arising in the event of termination of the executive directors’ and key management personnel’s contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous; and
- (e) review the remuneration of employees who are immediate family members of a director or the CEO to ensure that the remuneration of each of such employee commensurate with his or her duties and responsibilities, and no preferential treatment is given to him or her.

The RC recommends to the Board a framework for the directors and key management personnel’s remunerations, and determines specific remuneration package for each executive director. The recommendations will be submitted for endorsement by the Board.

All aspects of remuneration, including but not limited to directors’ fees, salaries, allowances, bonuses and benefits in-kind, will be covered by the RC. Each RC member will abstain from voting on any resolution in respect of his remuneration package.

The recommendations of the RC will be submitted to the Board for endorsement. The RC will be provided with access to expert professional advice on remuneration matters as and when necessary. The expenses of such services shall be borne by the Company.

STATEMENT OF CORPORATE GOVERNANCE

LEVEL, MIX AND DISCLOSURE OF REMUNERATION

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

In setting remuneration packages, the RC will take into consideration the pay and employment conditions within the industry and in comparable companies. The Board does not have any Executive Directors.

Independent and Non-Executive Directors have no service contracts. Their fee comprises a basic retainer fee and variable additional fees for appointment to Board Committees in accordance with their level of responsibilities as chairman or member of the Board Committees.

The CEO and other key management personnel are paid a basic salary and a performance-related bonus pursuant to their respective service agreements. The factors for paying the bonus are the Group's performance and the performance of the personnel which contributed to the Group's performance.

The RC has reviewed the fee structure for Independent Directors as being reflective of their responsibilities and work commitments and recommends the Directors' fee for FY2014 in accordance with the fee structure for shareholders' approval at the Company's AGM.

The RC has reviewed the remuneration framework of the CEO and key management personnel and is satisfied that their compensation aligns with the long term interest of the Group.

Remuneration of Directors

The remuneration paid to or accrued to each Director for FY2014 is as follows:

	Fee S\$	Salary S\$	Bonus S\$	Other benefits S\$	Total S\$
<u>Non-Executive Directors</u>					
Mr Tan Wang Cheow (Chairman)	28,000	-	-	-	28,000
Mr Andi Solaiman	22,000	-	-	-	22,000
Ms Suzanne Liau ⁽¹⁾	12,279	-	-	-	12,279
<u>Independent Directors</u>					
Mr Arthur Ng Boon Chye	28,500	-	-	-	28,500
Mr Goh Kian Chee	35,000	-	-	-	35,000
Mr Erhart Mark Allan	21,500	-	-	-	21,500

(1) Ms Suzanne Liau was appointed as Non-Executive Director on 26 April 2014

STATEMENT OF CORPORATE GOVERNANCE

Remuneration of the CEO

The Code recommends the remuneration of the CEO be shown in dollar terms. The CEO was not a substantial shareholder or Director. The Company believes that it is not in the best interests of the Group to disclose the details of the remuneration of its CEO given that the Company is in the process of finding a replacement CEO.

Remuneration of the Top Five Key Management Personnel

The Code recommends that the remuneration of at least the top five key management personnel (who are not Directors or the CEO) be shown in bands of S\$250,000. However, the Company believes that it is not in the best interests of the Company to disclose the details of the remuneration of its top five key management personnel given the highly competitive industry conditions.

The aggregate total remuneration paid to the top five key management personnel amounted to S\$1,059,000 for FY2014.

Immediate Family Member of Directors or CEO

The Company and its subsidiaries have no employee who was an immediate family member of a Director and/or the CEO for FY2014.

ACCOUNTABILITY AND AUDIT

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is accountable to the shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information to shareholders in compliance with statutory requirements and the Catalist Rules.

Financial results and annual reports will be announced or issued within legally prescribed periods.

The Board also reviews regulatory compliance reports from Management to ensure that the Group complies with the relevant regulatory requirements.

Management provides members of the Board with management accounts which present a balanced and understandable assessment of the Group's monthly performance, position and prospects on a quarterly basis.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

STATEMENT OF CORPORATE GOVERNANCE

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

Risk Management and Internal Controls

The Board is responsible for the governance of risk and sets the tone and direction for the Group in the way risks are managed in businesses. The Board has ultimate responsibility for approving the strategy of the Group in a manner which addresses stakeholders' expectations and does not expose the Group to an unacceptable level of operational, financial and compliance risks. The Board approves the key management policies and ensures a sound system of risk management and internal controls and monitors performance against them. In addition to determining the approach to risk governance, the Board sets and instills the right risk focused culture throughout the Group for effective risk governance.

The Board has approved a Group Risk Management Framework for the identification of key risks within the business which is aligned with the ISO 31000:2009 Risk Management framework.

The ARMC assists the Board in its risk oversight to ensure that a review of the effectiveness of the Group's material internal controls, including financial, operational and compliance controls and risk management systems, is conducted annually.

Management's Responsibilities in Risk Management

The Management reports to the ARMC on the Group's risk profile, the status of risk mitigation action plans and updates on the following areas:

- Assessment of the Group's key risks by major business units and risk categories.
- Identification of specific risk owners who are responsible for the risks identified.
- Description of the processes and systems in place to identify and assess risks.
- Status and changes in action plan undertaken to manage key risks.
- Description of the risk monitoring and escalation processes and also the control systems in place.

Annual Review of Risk Management and Internal Control Systems

The Board with the assistance of the ARMC has undertaken an annual assessment on the adequacy and effectiveness of the Group's risk management and internal control systems. The assessment considered issues dealt with in reports reviewed by the ARMC and the Board during the year together with any additional information necessary to ensure that the Board has taken into account all significant aspects of risks and internal controls for FY2014.

In order to obtain assurance that the risks are managed adequately and effectively, the Board had reviewed an overview of the risks which the Group is exposed to, as well as an understanding of what counter-measures and internal controls are in place to manage them.

Management is responsible for designing, implementing and monitoring the risk management and internal control systems in accordance with the policies on risk management and internal controls.

STATEMENT OF CORPORATE GOVERNANCE

The Board has obtained a written confirmation from the CEO/COO and Group Financial Controller by that:

- (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) the internal controls established and maintained are adequate and effective in addressing the operational, financial, compliance, and information technology risks faced by the Group.

Opinion on Adequacy of Internal Controls

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by Management, various Board Committees and the Board, the ARMC and the Board are of the opinion that the Group's risk management and internal control systems are adequate and effective to address the financial, operational, compliance and information technology controls for the financial year ended 31 December 2014.

The Board notes that system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Internal Audit

The Company outsources its internal audit function to Yang Lee & Associates. The internal auditors ("IA") report directly to the ARMC and internal control weaknesses identified during the internal audit reviews and the recommended corrective actions are reported to the ARMC periodically.

The ARMC reviews and approves the internal audit scope and plan to ensure that there is sufficient coverage of the Group's activities. It also oversees the implementation of the internal audit plan and ensures that Management provides the necessary co-operation to enable the IA to perform its function.

The IA is guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors.

The ARMC annually reviews the adequacy of the internal audit function to ensure that the internal audits are performed effectively. The ARMC is satisfied that the IA is staffed by qualified and experienced personnel.

The IA completed one review during the financial year ended 31 December 2014 in accordance with the internal audit plan approved by the ARMC with reference to the Group Risk Management Framework. The findings and recommendations of the IA, Management's responses, and Management's implementation of the recommendations have been reviewed and approved by the ARMC.

STATEMENT OF CORPORATE GOVERNANCE

AUDIT AND RISK MANAGEMENT COMMITTEE

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Audit Committee of the Company was re-designated the Audit and Risk Management Committee (“ARMC”) on 28 February 2014 to better reflect its risk oversight responsibilities. It comprises three members, all of whom are Independent Directors. The ARMC comprises the following members:

Mr Goh Kian Chee	Chairman	Independent Director
Mr Arthur Ng Boon Chye	Member	Independent Director
Mr Erhart Mark Allan	Member	Independent Director

As mentioned earlier, Mr Arthur Ng and Mr Mark Erhart will retire at the forthcoming AGM. The Board will reconstitute the ARMC when new replacement directors are appointed.

Widely experienced in regional management and finance, the ARMC Chairman, Mr Goh Kian Chee had previously held senior executive positions with large multinational companies. The other members of the ARMC have extensive experience in business management and finance services. The Board is satisfied that the members of the ARMC have recent and relevant accounting or related financial management expertise or experience to discharge the ARMC’s functions.

The ARMC functions under the terms of reference which sets out the following among other things:

- (a) to review the audit plans of both the internal and external auditors;
- (b) to review the auditors’ reports and their evaluation of the Group’s system of internal controls;
- (c) to review the co-operation given by the Group’s officers to the internal and external auditors;
- (d) to review the financial statements of the Group with external auditors and to receive assurance from CEO and the CFO (or equivalent) before submission to the Board;
- (e) to review the effectiveness and adequacy of the internal audit and finance functions and co-operation given by the Group’s management to the external auditors;
- (f) to nominate and review the appointment of the internal and external auditors;
- (g) to review the independence of the external auditors and make recommendations to the Board on the appointment, re-appointment and removal of the external auditors;
- (h) to review interested person transactions and potential conflicts of interest; and
- (i) to review arrangements by which the staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting.

The ARMC has the power to conduct or authorise investigations into any matters within the ARMC’s scope of responsibility. The ARMC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

Each member of the ARMC shall abstain from voting on any resolutions in respect of matters he is interested in.

STATEMENT OF CORPORATE GOVERNANCE

The ARMC has full access to and co-operation of the Management and has full discretion to invite any Director or key management personnel to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

The ARMC meets with both the internal and external auditors without the presence of the Management at least once a year.

The ARMC reviews the independence of the external auditors annually. The aggregate amount of audit fees paid and payable by the Group to the external auditors for FY2014 was S\$140,000. The ARMC has recommended that Ernst & Young LLP be nominated for re-appointment as auditors at the forthcoming AGM.

The external auditors, Ernst & Young LLP, are the auditors of the Group. Ernst & Young LLP are registered with the Accounting and Corporate Regulatory Authority and a suitable audit firm in accordance with Rule 712 of the Catalist Rules. Different auditors have been appointed for the Group's associated companies. The names of these auditors are disclosed in the financial statements. The Board and the ARMC are satisfied that the appointment of different auditors for its associated companies would not compromise the standard and effectiveness of the audit of the Group, and accordingly, Rule 716 of the Catalist Rules has been complied with.

Whistle-Blowing

The Company has in place a whistle-blowing policy which is published in the handbook of human resources department. The handbook clearly defines the scope of the whistle-blowing and sets out the procedures for raising concern or making a complaint and the process of investigation and dealing with the outcome of the investigation.

Employees are free to bring complaints to the attention of their supervisors, general manager, the Human Resources Manager or CEO. The recipient of such complaints shall forward them promptly to the ARMC Chairman. The ARMC will treat all information received confidentially and protect the identity of all whistle-blowers. The employee can choose to send the complaint directly to the ARMC Chairman. Following investigation and evaluation of a complaint, the ARMC Chairman shall report to the ARMC on recommended disciplinary or remedial action, if any. The action determined by the ARMC to be appropriated shall then be brought to the Board or to appropriate members of senior management for authorization and implementation respectively.

The policy is communicated to all employees as part of the Company's efforts to promote awareness of fraud control.

SHAREHOLDER RIGHTS, COMMUNICATION WITH SHAREHOLDERS AND CONDUCT OF SHAREHOLDER MEETINGS

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

STATEMENT OF CORPORATE GOVERNANCE

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

In line with the continuous obligations of the Company pursuant to the Catalist Rules, the Board's policy is that all shareholders be informed of all major developments that impact the Group.

Information is disseminated to shareholders on a timely basis through:

- (a) SGXNET announcements and news releases;
- (b) Annual Report prepared and issued to all shareholders;
- (c) press releases on major developments of the Group;
- (d) notices of and explanatory notes for the AGMs and extraordinary general meetings ("EGMs"); and
- (e) the Company's website at www.asiamedic.com.sg, where shareholders can access information on the Group.

The Company's AGMs are the principal forums for dialogue with shareholders. The Chairmen of the various Board Committees are normally available at the meetings to answer any question relating to the work of the Board Committees. The external auditors shall also be present to assist the Directors in addressing any relevant queries by the shareholders.

Shareholders are encouraged to attend the AGMs and the EGMs to ensure a high level of accountability and to stay apprised of the Group's strategy and goals. Notices of the meetings will be advertised in the newspapers and announced on the SGXNET.

The Company's Articles of Association allows all shareholders to appoint up to two proxies to attend general meetings and vote on their behalf.

The details of dividend payment to shareholders will be disclosed via the release of the announcements through SGXNET. For FY2014, no dividend is declared or recommended due to the performance of the Group.

DEALINGS IN SECURITIES

In line with Rule 1204(19) of the Catalist Rules, the Company issues circulars to its Directors and employees to remind them that (1) they should not deal in shares of the Company on short-term considerations or if they are in possession of unpublished material price-sensitive information; and (2) they are required to report on their dealings in shares of the Company. The Directors and employees are also reminded of the prohibition in dealing in shares of the Company one month before the announcement of the Group's half-year and year-end financial statements. The restriction in dealings in securities is also extended to directors and employees of the Group.

STATEMENT OF CORPORATE GOVERNANCE

INTERESTED PERSON TRANSACTIONS

The Company adopted an internal policy in respect of any transactions with interested persons and has established procedures for review and approval of the interested person transactions entered into by the Group. The ARMC has reviewed the rationale and terms of the Group's interested person transactions and is of the view that the interested person transactions are on normal commercial terms and are not prejudicial to the interests of the shareholders.

There are no reportable interested person transactions for FY2014.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company or any of its subsidiary companies involving the interest of the CEO, Director, or controlling shareholder.

NON-AUDIT FEES AND NON-SPONSOR FEES

There were no non-audit fees and non-sponsor fees paid to the external auditors and sponsor respectively.

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DIRECTORS' REPORT

The Directors are pleased to present their report to the members together with the audited consolidated financial statements of AsiaMedic Limited (the “Company”) and its subsidiaries (collectively, the “Group”) and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2014.

1. Directors

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

Tan Wang Cheow	Non-Executive Chairman
Andi Solaiman	Non-Executive Director
Suzanne Liau	Non-Executive Director (appointed 26 April 2014)
Arthur Ng Boon Chye	Independent Director
Goh Kian Chee	Independent Director
Erhart Mark Allan	Independent Director

Ms Suzanne Liau was appointed as a Non-Executive Director with effect from 26 April 2014. As a newly appointed Director, Ms Liau will retire pursuant to Article 92 of the Articles of Association at the forthcoming annual general meeting and has consented to stand for re-election.

Mr Arthur Ng Boon Chye and Mr Erhart Mark Allan will retire at the forthcoming annual general meeting pursuant to Articles 93 and 94 of the Articles of Association. Both will not seek re-election at the forthcoming annual general meeting to facilitate the Board renewal process. Following his retirement, Mr Ng will cease as Chairman of the Nominating Committee and member of the Remuneration Committee and Audit and Risk Management Committee. Following his retirement, Mr Erhart will cease as member of the Audit and Risk Management Committee. The Board will be seeking the appointment of replacement directors and reconstitute the Nominating, Remuneration and Audit and Risk Management Committees.

2. Arrangements to enable Directors to acquire shares and debentures

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

DIRECTORS' REPORT

3. Directors' interests in shares and debentures

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

Name of Director	Direct interest		Deemed interest	
	At 1.1.2014 or later date of appointment	At 31.12.2014	At 1.1.2014 or later date of appointment	At 31.12.2014
The Company				
Ordinary shares				
Tan Wang Cheow	14,091,396	14,091,396	8,467,598	8,467,598
Suzanne Liau	-	-	450,000	450,000

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

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

4. Directors' contractual benefits

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

5. Audit and Risk Management Committee

The Audit Committee of the Company was re-designated the Audit and Risk Management Committee ("ARMC") on 28 February 2014 to better reflect its risk oversight responsibilities. It comprises three members, all of whom are Independent Directors. The ARMC members at the date of this report comprise:

Goh Kian Chee	Chairman
Arthur Ng Boon Chye	Member
Erhart Mark Allan	Member

The ARMC performs the functions specified in Section 201B(5) of the Singapore Companies Act, Chapter 50, the Listing Manual (Section B "Rules of Catalist") (the "Catalist Rules") of the Singapore Exchange Securities Trading Limited ("SGX-ST"), and the best practices guide of the SGX-ST. Further details regarding the ARMC are disclosed in the Statement of Corporate Governance.

DIRECTORS' REPORT

6. AsiaMedic Share Award Scheme

The Company has adopted a share award scheme known as the “AsiaMedic Share Award Scheme” (the “Scheme”) pursuant to approval obtained from its shareholders at the extraordinary general meeting held on 30 April 2011. The purpose of the Scheme is to increase the Company’s flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve increased performance. The Scheme is administered by the Remuneration Committee. No award has been granted since the adoption of the Scheme.

7. Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the Board of Directors:

Tan Wang Cheow
Director

Andi Solaiman
Director

Singapore
20 March 2015

STATEMENT BY **DIRECTORS**

We, Tan Wang Cheow and Andi Solaiman, being two of the Directors of AsiaMedic Limited, do hereby state that, in the opinion of the Directors,

- (i) the accompanying statements of financial position, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity, and consolidated statement of cash flows together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors:

Tan Wang Cheow
Director

Andi Solaiman
Director

Singapore
20 March 2015

INDEPENDENT AUDITOR'S REPORT

to the members of AsiaMedic Limited

Report on the financial statements

We have audited the accompanying consolidated financial statements of AsiaMedic Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 36 to 105, which comprise the statements of financial position of the Group and the Company as at 31 December 2014, and the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT

to the members of AsiaMedic Limited

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on other legal and regulatory requirements

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

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
20 March 2015

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2014

	Note	2014 \$	2013 \$
Revenue	4	18,794,823	14,683,307
Other income		1,230,344	176,132
Items of expense			
Consumables used		(2,100,991)	(1,426,767)
Employee benefits expense	31	(8,744,746)	(6,218,397)
Depreciation of property, plant and equipment	9	(1,336,688)	(1,196,248)
Operating lease expenses		(1,589,403)	(1,351,989)
Maintenance of equipment		(625,740)	(716,436)
Laboratory and consultancy fees		(2,423,753)	(2,121,990)
Finance costs	5	(163,345)	(67,433)
Other operating expenses		(2,711,892)	(2,275,977)
Share of results of associates		138,775	457,683
Profit/(Loss) before tax	6	467,384	(58,115)
Income tax credit	7	178,628	122,769
Profit for the year		646,012	64,654
Attributable to:			
Owners of the Company		669,911	53,946
Non-controlling interests		(23,899)	10,708
		646,012	64,654
Earnings per share to owners of the Company (cents per share)			
Basic	8	0.20	0.02
Diluted	8	0.20	0.02

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2014

	2014 \$	2013 \$
Profit for the year	646,012	64,654
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation	23,318	58,774
Total comprehensive income for the year	669,330	123,428
Attributable to:		
Owners of the Company	693,229	112,720
Non-controlling interests	(23,899)	10,708
	669,330	123,428

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014

	Note	Group		Company	
		2014	2013	2014	2013
		\$	\$	\$	\$
Non-current assets					
Property, plant and equipment	9	7,142,503	7,411,424	220,062	263,190
Investment in subsidiaries	10	-	-	2,568,161	2,566,662
Investment in associates	11	1,658,785	1,791,010	1,064,060	1,460,060
Convertible loan receivables	20	524,050	592,125	-	-
Intangible assets	12	43,953	57,139	-	-
Goodwill	13	2,124,311	2,124,311	-	-
Deferred tax assets	14	190,359	-	-	-
		11,683,961	11,976,009	3,852,283	4,289,912
Current assets					
Inventories	15	273,243	267,816	-	-
Trade receivables	16	1,363,954	1,353,785	-	-
Other receivables and deposits	17	2,352,390	1,752,168	2,868,150	3,362,470
Prepayments		205,423	261,502	78,568	187,863
Short term deposit pledged as security	18	300,000	300,000	-	-
Cash and short term deposits	19	6,259,961	7,176,868	4,055,237	5,695,901
		10,754,971	11,112,139	7,001,955	9,246,234
Current liabilities					
Trade payables	21	830,894	715,456	-	-
Other payables and accruals	22	1,563,543	3,656,736	751,477	1,561,097
Provision	23	241,552	241,552	241,552	241,552
Deferred income	24	520,881	253,162	-	-
Current tax liabilities		675	8,859	-	-
Loans and borrowings	25	1,374,494	1,242,009	-	-
Obligations under finance leases	26	922,907	709,092	-	-
		5,454,946	6,826,866	993,029	1,802,649
Net current assets		5,300,025	4,285,273	6,008,926	7,443,585
Non-current liabilities					
Loans and borrowings	25	634,914	623,992	-	-
Obligations under finance leases	26	1,790,330	1,674,109	-	-
Put options granted to non-controlling interests	27	568,544	652,544	-	-
Deferred tax liabilities	14	46,626	34,895	-	-
		3,040,414	2,985,540	-	-
Net assets		13,943,572	13,275,742	9,861,209	11,733,497
Equity attributable to owners of the Company					
Share capital	28	21,950,527	21,950,527	21,950,527	21,950,527
Treasury shares	29	(2,866)	(2,866)	(2,866)	(2,866)
Other reserves		(606,868)	(630,186)	-	-
Accumulated losses		(7,386,000)	(7,741,692)	(12,086,452)	(10,214,164)
		13,954,793	13,575,783	9,861,209	11,733,497
Non-controlling interests		(11,221)	(300,041)	-	-
Total equity		13,943,572	13,275,742	9,861,209	11,733,497

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2014

	Attributable to owners of the Company					Non-controlling interests	Total equity
	Share capital	Other reserves	Treasury shares (Note 29)	Accumulated losses	Total share capital and reserves		
	\$	\$	\$	\$	\$	\$	\$
Group							
Balance at 1 January 2013	21,550,530	(36,416)	(2,866)	(7,795,638)	13,715,610	(310,772)	13,404,838
Profit for the year	-	-	-	53,946	53,946	10,708	64,654
Other comprehensive income							
- Foreign currency translation	-	58,774	-	-	58,774	-	58,774
Total comprehensive income for the year	-	58,774	-	53,946	112,720	10,708	123,428
Acquisition of subsidiaries	-	-	-	-	-	23	23
Shares issued for acquisition of a business (Note 28)	399,997	-	-	-	399,997	-	399,997
Put options granted to non-controlling interests (Note 27)	-	(652,544)	-	-	(652,544)	-	(652,544)
Balance at 31 December 2013 and 1 January 2014	21,950,527	(630,186)	(2,866)	(7,741,692)	13,575,783	(300,041)	13,275,742
Profit for the year	-	-	-	669,911	669,911	(23,899)	646,012
Other comprehensive income							
- Foreign currency translation	-	23,318	-	-	23,318	-	23,318
Total comprehensive income for the year	-	23,318	-	669,911	693,229	(23,899)	669,330
Acquisition of a non-controlling interest without a change in control	-	-	-	(314,219)	(314,219)	312,719	(1,500)
Balance at 31 December 2014	21,950,527	(606,868)	(2,866)	(7,386,000)	13,954,793	(11,221)	13,943,572

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2014

	Share capital \$	Treasury shares (Note 29) \$	Accumulated losses \$	Total \$
Company				
Balance at 1 January 2013	21,550,530	(2,866)	(9,130,949)	12,416,715
Loss for the year	-	-	(1,083,215)	(1,083,215)
Total comprehensive income for the year	-	-	(1,083,215)	(1,083,215)
Shares issued for acquisition of a business (Note 28)	399,997	-	-	399,997
Balance at 31 December 2013 and 1 January 2014	21,950,527	(2,866)	(10,214,164)	11,733,497
Loss for the year	-	-	(1,872,288)	(1,872,288)
Total comprehensive income for the year	-	-	(1,872,288)	(1,872,288)
Balance at 31 December 2014	21,950,527	(2,866)	(12,086,452)	9,861,209

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2014

	2014 \$	2013 \$
Cash flows from operating activities		
Profit/(Loss) before tax	467,384	(58,115)
Adjustments:		
Depreciation of property, plant and equipment	1,336,688	1,196,248
Fair value gain on put options granted to non-controlling interests	(84,000)	-
Fair value gain on contingent consideration payable to non-controlling interest	(260,000)	-
Amortisation of intangible asset	13,186	8,791
(Gain)/Loss on disposal of property, plant and equipment	(396,353)	19,093
Property, plant and equipment written off	39,841	96,546
Impairment loss on doubtful receivables	141,627	57,443
Currency realignment	23,318	58,774
Interest expense	163,345	67,433
Interest income	(44,306)	(62,414)
Fair value loss on convertible loans	88,134	132,268
Share of results of associates	(138,775)	(457,683)
Operating cash flows before changes in working capital	1,350,089	1,058,384
Changes in working capital:		
Increase in inventories	(5,427)	(39,040)
Decrease/(Increase) in trade and other receivables, accrued revenue and prepayments	143,503	(813,564)
Increase in trade and other payables	50,496	79,674
Increase in deferred income	267,719	252,662
Cash flows from operations	1,806,380	538,116
Income tax paid	(8,184)	(3,566)
Net cash flows from operating activities	1,798,196	534,550

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2014

	2014 \$	2013 \$
Cash flows from investing activities		
Interest received	44,306	62,414
Purchase of property, plant and equipment	(994,562)	(1,721,176)
Proceeds from disposal of property, plant and equipment	310,305	400
Net cash outflow on acquisitions of subsidiary and business	(957,920)	(449,895)
Investment in an associate	-	(252,266)
Pre-acquisition dividend paid to non-controlling interest	-	(340,000)
Convertible loans and short term loan receivables	(346,830)	(794,874)
Repayment of long-term loan from an associate	396,000	495,000
Loan to an associate	(125,000)	-
Net cash flows used in investing activities	(1,673,701)	(3,000,397)
Cash flows from financing activities		
Short term deposit pledged as security	-	(300,000)
Interest paid	(163,345)	(67,433)
Acquisition of non-controlling interest without a change in control	(1,500)	-
Repayment of obligations under hire purchase and loans and borrowings	(1,376,557)	(569,045)
Proceeds from loans and borrowings	500,000	1,400,000
Net cash flows (used in)/from financing activities	(1,041,402)	483,522
Net decrease in cash and short term deposits	(916,907)	(2,002,325)
Cash and short term deposits at 1 January	7,176,868	9,179,193
Cash and short term deposits at 31 December	6,259,961	7,176,868

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2014

	2014 \$	2013 \$
<i>Disposal of property, plant and equipment:</i>		
Net book value	3,952	329,493
Proceeds:		
– Received in cash	(305)	(400)
– Receivable as other debtors	(400,000)	(310,000)
(Gain)/Loss on disposal	(396,353)	19,093

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

1. Corporate information

AsiaMedic Limited (the “Company”) is a limited liability company incorporated and domiciled in Singapore and is listed on the Catalist of the Singapore Exchange Securities Trading Limited.

The registered office and principal place of business of the Company is located at 350 Orchard Road, #08-00 Shaw House, Singapore 238868.

The principal activities of the Company are those relating to investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 10 to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

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

The financial statements are presented in Singapore Dollars (SGD or \$).

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

2.3 *Standards issued but not yet effective*

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 19 <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Improvements to FRSs (January 2014)	
(a) Amendments to FRS 102 <i>Share Based Payment</i>	1 July 2014
(b) Amendments to FRS 103 <i>Business Combinations</i>	1 July 2014
(c) Amendments to FRS 108 <i>Operating Segments</i>	1 July 2014
(d) Amendments to FRS 113 <i>Fair Value Measurement</i>	1 July 2014
(e) Amendments to FRS 16 <i>Property, Plant and Equipment</i> and FRS 38 <i>Intangible Assets</i>	1 July 2014
(f) Amendments to FRS 24 <i>Related Party Disclosures</i>	1 July 2014
Improvements to FRSs (February 2014)	
(a) Amendments to FRS 103 <i>Business Combinations</i>	1 July 2014
(b) Amendments to FRS 113 <i>Fair Value Measurement</i>	1 July 2014
FRS 114 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to FRS 16 <i>Property, Plant and Equipment</i> & FRS 41 <i>Agriculture</i>	1 January 2016
Amendments to FRS 27 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRS 16 <i>Property, Plant and Equipment</i> & FRS 38 <i>Intangible Assets</i>	1 January 2016
Amendments to FRS 111 <i>Joint Arrangements</i>	1 January 2016
Improvements to FRSs (November 2014)	1 January 2016
Amendments to FRS 110 & FRS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2016
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2017
FRS 109 <i>Financial Instruments</i>	1 January 2018
Amendments to FRS 1: <i>Disclosure Initiative</i>	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28: <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

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

Except for FRS 115 and FRS 109, the Directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending change in accounting policy on adoption of FRS 115 and FRS 109 are described below:

FRS 115 Revenue from Contracts with Customers

FRS 115 was issued in November 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

FRS 109 Financial Instruments

In December 2014, the Accounting Standards Council issued the final version of FRS 109 *Financial Instruments* which reflects all phases of the financial instruments project and replaces FRS 39 *Financial Instruments: Recognition and Measurement*. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory in the year of adoption. The adoption of FRS 109 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

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

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

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

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

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

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

(b) *Business combinations and goodwill*

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

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

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

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

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

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

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

2.6 *Foreign currency*

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

(a) Transactions and balances

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Consolidated financial statements

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

2.7 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold improvements	- 6 years
Furniture, fittings, fixtures and office equipment	- 3 to 6 years
Medical equipment	- 5 to 10 years

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

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

Progress payments included in plant and equipment are not depreciated as these assets are not yet available for use.

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

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

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

2.8 *Intangible assets*

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as finite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

2.8 *Intangible assets (cont'd)*

Customer relationship

Customer related intangible assets are acquired through business combinations and measured at fair value as at the date of acquisition. Subsequently, customer related intangible assets are amortised on a straight-line basis over their estimated useful lives of 5 years. The carrying amounts of customer related intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

2.9 *Impairment of non-financial assets*

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.10 *Subsidiaries*

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

2.11 *Associates*

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

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

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

Under the equity method, the investment in associates is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of the results of operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

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

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

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

Upon loss of significant influence over the associate, the Group measures the retained interest at its fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date of the equity method was discontinued is recognised in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

2.12 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

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

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

Subsequent measurement

Loans and receivables

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group. Derivatives, including separated embedded derivatives are also classified as held for trading.

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

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

2.12 *Financial instruments (cont'd)*

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

De-recognition

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

Regular way purchase or sale of a financial asset

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

(b) *Financial liabilities*

Initial recognition and measurement

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

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

Subsequent measurement

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

2.12 *Financial instruments (cont'd)*

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

Derecognition

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

(c) *Offsetting of financial instruments*

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

2.13 *Impairment of financial assets*

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Assets carried at amortised cost

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

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

Assets carried at amortised cost (cont'd)

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

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

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

2.14 *Cash and short term deposits*

Cash and short term deposits comprise cash at bank and on hand, and short term deposits placed with financial institutions that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.15 *Inventories*

Inventories, comprising medical supplies, are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for on a first-in, first-out basis.

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

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

2.16 *Provisions*

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

2.17 **Government grants**

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

2.18 **Borrowing costs**

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

2.19 **Employee benefits**

Defined contribution plans

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

2.20 **Leases**

As lessee

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

2.21 *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates, and sales taxes or duty.

(a) *Rendering of services*

Revenue from the rendering of specialised healthcare services and healthcare consultancy and management services is recognised as and when services are rendered.

(b) *Interest income*

Interest income is recognised using the effective interest method.

2.22 *Taxes*

(a) *Current income tax*

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

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

(b) *Deferred tax*

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

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

2.22 *Taxes (cont'd)*

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

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

(c) *Sales tax*

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

2.23 *Share capital and share issuance expenses*

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

2.24 *Treasury shares*

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.25 *Contingencies*

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

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

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

3. Significant accounting judgements and estimates

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

Key sources of estimation uncertainty

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

(a) *Useful lives of medical equipment*

The cost of medical equipment is depreciated on a straight-line basis over the medical equipment's estimated economic useful lives. Management estimates the useful lives of these medical equipment to be within 5 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's medical equipment was \$5,232,088 (2013: \$5,288,272).

(b) *Impairment of medical equipment*

The Group assesses at each reporting period whether there is an indication that its medical equipment may be impaired. The assessment requires an estimation of the recoverable amount of the medical equipment. This requires the Group to make an estimate of the expected cash flows from the medical equipment and to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying value of the Group's medical equipment was \$5,232,088 (2013: \$5,288,272). No impairment loss was recorded in the Group relating to medical equipment.

(c) *Impairment of loans and receivables*

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's trade receivables and other receivables at the end of the reporting period are disclosed in Notes 16 and 17 to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

4. Revenue

	Group	
	2014	2013
	\$	\$
Rendering of services	18,794,823	14,683,307

5. Finance costs

	Group	
	2014	2013
	\$	\$
Interest expense on obligations under finance leases and loans and borrowings	163,345	67,433

6. Profit/(loss) before tax

The following items have been included in arriving at profit/(loss) before tax:

	Group	
	2014	2013
	\$	\$
Interest income	(44,306)	(62,414)
Audit fees:		
- Auditor of the Company	131,860	167,000
- Other auditors	8,034	7,874
Grant income	(399,932)	(2,230)
Net foreign exchange gain	(38,024)	(4,611)
Property, plant and equipment written off	39,841	96,546
(Gain)/Loss on disposal of property, plant and equipment	(396,353)	19,093
Fair value loss on convertible loans	88,134	132,268
Impairment loss on doubtful receivables	141,627	57,443
Fair value gain on contingent consideration payable to non-controlling interest	(260,000)	-
Fair value gain on put options granted to non-controlling interests	(84,000)	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

7. Income tax credit

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

	Group	
	2014	2013
	\$	\$
Income statement		
Current income tax		
- Current income taxation	-	3,380
- Under provision in respect of previous years	-	1,477
Deferred tax		
- Origination and reversal of temporary differences	(177,248)	-
- Over provision in respect of previous years	(1,380)	(127,626)
Tax credit recognised in profit or loss	(178,628)	(122,769)

The reconciliation between the tax credit and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2014 and 2013 is as follows:

Profit/(loss) before tax	467,384	(58,115)
Tax at the domestic rate applicable to profits in the countries where the Group operates	79,455	(9,880)
Adjustments:		
Share of results of associates	(23,592)	(77,806)
Non-deductible expenses	70,148	134,692
Income not subject to taxation	(128,199)	-
Under/(over) provision in respect of prior years:		
- current income tax	-	1,477
- deferred tax	(1,380)	(127,626)
Utilisation of tax benefits previously not recognised	(245,559)	(85,236)
Deferred tax assets not recognised	60,880	62,395
Effect of partial tax exemption and tax relief	-	(20,048)
Others	9,619	(737)
Tax credit recognised in profit or loss	(178,628)	(122,769)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

8. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

There were no dilutive potential ordinary shares.

The following table reflects the profit and share data used in the computation of basic earnings per share for the years ended 31 December:

	Group	
	2014	2013
	\$	\$
Profit for the year attributable to owners of the Company	669,911	53,946
	Number of shares	Number of shares
Weighted average number of ordinary shares for basic earnings per share computation *	338,988,125	337,122,136

* The weighted average number of ordinary shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

9. Property, plant and equipment

Group	Leasehold improvements \$	Furniture, fittings, fixtures, and office equipment \$	Medical equipment \$	Progress payments \$	Total \$
Cost:					
At 1 January 2013	1,767,135	1,348,874	11,609,111	-	14,725,120
Additions	1,077,001	386,976	3,127,047	257,993	4,849,017
Acquisitions of subsidiary and business	37,173	71,714	91,617	-	200,504
Disposals	(16,760)	-	(2,191,900)	-	(2,208,660)
Write offs	(156,375)	(75,550)	(510,260)	-	(742,185)
At 31 December 2013 and 1 January 2014	2,708,174	1,732,014	12,125,615	257,993	16,823,796
Additions	289,506	384,022	438,032	-	1,111,560
Disposals	-	(6,927)	(3,481,266)	-	(3,488,193)
Transfers	-	-	257,993	(257,993)	-
Write offs	-	(62,025)	(178,697)	-	(240,722)
At 31 December 2014	2,997,680	2,047,084	9,161,677	-	14,206,441
Accumulated depreciation and impairment loss:					
At 1 January 2013	1,349,675	963,675	8,364,239	-	10,677,589
Depreciation charge for the year	139,000	254,371	802,877	-	1,196,248
Acquisition of subsidiaries	-	61,741	1,600	-	63,341
Disposals	(16,760)	-	(1,862,407)	-	(1,879,167)
Write offs	(104,250)	(72,423)	(468,966)	-	(645,639)
At 31 December 2013 and 1 January 2014	1,367,665	1,207,364	6,837,343	-	9,412,372
Depreciation charge for the year	271,651	355,761	709,276	-	1,336,688
Disposals	-	(6,927)	(3,477,314)	-	(3,484,241)
Write offs	-	(61,165)	(139,716)	-	(200,881)
At 31 December 2014	1,639,316	1,495,033	3,929,589	-	7,063,938
Net carrying amount:					
At 31 December 2013	1,340,509	524,650	5,288,272	257,993	7,411,424
At 31 December 2014	1,358,364	552,051	5,232,088	-	7,142,503

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

	Leasehold improvements \$	Furniture, fittings, fixtures, and office equipment \$	Total \$
Company			
Cost:			
At 1 January 2013	22,151	274,077	296,228
Additions	241,552	5,466	247,018
Write offs	-	(17,041)	(17,041)
Disposal	(16,760)	-	(16,760)
At 31 December 2013 and 1 January 2014	246,943	262,502	509,445
Additions	-	51,500	51,500
Write offs	-	-	-
Disposal	-	(6,927)	(6,927)
At 31 December 2014	246,943	307,075	554,018
Accumulated depreciation:			
At 1 January 2013	18,722	195,935	214,657
Depreciation charge for the year	30,269	34,118	64,387
Write offs	-	(16,029)	(16,029)
Disposal	(16,760)	-	(16,760)
At 31 December 2013 and 1 January 2014	32,231	214,024	246,255
Depreciation charge for the year	41,131	53,497	94,628
Write offs	-	-	-
Disposal	-	(6,927)	(6,927)
At 31 December 2014	73,362	260,594	333,956
Net carrying amount:			
At 31 December 2013	214,712	48,478	263,190
At 31 December 2014	173,581	46,481	220,062

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

Impairment of assets

During the financial year, the Group wrote off \$39,841 (2013: \$96,546) of property, plant and equipment arising from usual wear and tear of the assets.

Assets under finance leases

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of \$130,000 (2013: \$1,469,149) by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to \$994,562 (2013: \$1,721,176).

Included in property, plant and equipment are medical equipment with a net carrying amount of \$3,637,415 (2013: \$2,684,537) which are under finance leases (Note 26).

10. Investment in subsidiaries

	Company	
	2014	2013
	\$	\$
Unquoted shares, at cost	4,256,161	4,254,662
Impairment losses	(1,688,000)	(1,688,000)
	<u>2,568,161</u>	<u>2,566,662</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

10. Investment in subsidiaries (cont'd)

The Company had the following subsidiaries as at 31 December:

Name of subsidiary (Country of incorporation)		Principal activities	Cost of investment		Effective equity interest held by the Group	
			2014 \$	2013 \$	2014 %	2013 %
Held by the Company						
⁽¹⁾	AMC Healthcare Pte Ltd (Singapore)	Provision of healthcare services and healthcare consultancy and management services	548,000	548,000	100	100
⁽¹⁾	AsiaMedic Eye Centre Pte Ltd (Singapore)	Inactive	903,129	901,629	100	60
⁽¹⁾	The Orchard Imaging Centre Pte Ltd (Singapore)	Provision of imaging and image-based diagnostic services	503,257	503,257	100	100
⁽¹⁾	Wellness Assessment Centre Pte Ltd (Singapore)	Provision of wellness medical services and treatment and healthcare consultancy and management services	300,371	300,371	100	100
⁽¹⁾	AsiaMedic PET/CT Centre Pte Ltd (Singapore)	Provision of imaging and image based diagnostic services	243,109	243,109	100	100
⁽¹⁾	AsiaMedic Heart & Vascular Centre Pte Ltd (Singapore)	Provision of imaging and image-based diagnostic services	103,047	103,047	100	100
⁽¹⁾	Complete Healthcare International Pte Ltd (Singapore)	Provision of specialised medical services	1,655,248	1,655,248	80	80
⁽³⁾	CHI Clinic @ East Coast Pte Ltd (Singapore) #	Inactive	-	1	-	80
			4,256,161	4,254,662		

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

10. Investment in subsidiaries (cont'd)

Name of subsidiary (Country of incorporation)		Principal activities	Cost of investment		Effective equity interest held by the Group	
			2014 \$	2013 \$	2014 %	2013 %
Held by the Wellness Assessment Centre Pte Ltd						
(1)	AsiaMedic Astique The Aesthetic Clinic Pte Ltd (Singapore)	Provision of medical aesthetic services and sale of aesthetic goods and products	7	7	70	70
(1)	AsiaMedic CytoLife Pte Ltd (Singapore)	Investment holding	1	1	100	100
			8	8		
Held by the AMC Healthcare Pte Ltd						
(2)	AsiaMedic China Co., Ltd (People's Republic of China)	Provision of marketing and consultancy services	956,517	956,517	100	100

(1) Audited by Ernst & Young LLP, Singapore

(2) Audited by Ernst & Young, People's Republic of China

(3) Exempted from audit requirements under Section 205B of the Companies Act

CHI Clinic @ East Coast Pte Ltd, has been struck off the register of companies in March 2015.

Acquisition of subsidiary, Complete Healthcare International Pte Ltd ("CHI")

On 1 May 2013 ("acquisition date"), the Group (the "Purchaser") acquired 80% equity interest in Complete Healthcare International Pte Ltd ("CHI"), a multi-doctor medical practice serving the expatriate community in Singapore. The Group acquired CHI to augment its healthcare service portfolio. The Group has elected to measure the non-controlling interest at the non-controlling interest's proportionate share of CHI's net identifiable assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

10. Investment in subsidiaries (cont'd)

Acquisition of subsidiary, Complete Healthcare International Pte Ltd ("CHI") (cont'd)

The fair value of the identifiable assets and liabilities of CHI as at the acquisition date was:

	Fair value recognised on acquisition \$
Property, plant and equipment	4,978
Inventories	80,433
Cash and short term deposits	405,317
Trade and other receivables	35,388
Trade and other payables	(520,636)
Income tax payable	(5,480)
Total identifiable net assets at fair value	-
Non-controlling interest measured at the non-controlling interest proportionate share of CHI's net identifiable assets	-
Intangible asset (Note 12)	65,930
Deferred tax arising from intangible assets	(11,208)
Goodwill arising from acquisition	1,600,446
Purchase consideration	<u>1,655,168</u>
 <u>Consideration transferred for acquisition of CHI</u>	
Cash paid	860,000
Contingent consideration recognised as at acquisition date	795,168
Total consideration transferred	<u>1,655,168</u>
 <u>Effect of the acquisition on cash flows</u>	
Total consideration	1,655,168
Less: Contingent consideration	(795,168)
	<u>860,000</u>
Less: Cash and short term deposits acquired	(405,317)
Cash outflow on acquisition	<u>454,683</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

10. Investment in subsidiaries (cont'd)

Acquisition of subsidiary, Complete Healthcare International Pte Ltd ("CHI") (cont'd)

Customer relationship has been identified as intangible asset arising from the acquisition. The Group engaged an independent valuer to determine the fair value of the intangible asset and the rest of the identifiable assets and liabilities.

Contingent consideration arrangement

As part of the purchase agreement with previous owner of CHI, a contingent consideration has been agreed. Additional cash payment shall be payable by or to the previous owner of CHI in the following manner:

If the aggregate profit before tax ("PBT") of CHI in respect of all of the financial years ending 31 December for 2013, 2014 and 2015 is positive and is less than \$957,920, the vendor shall pay to the Group an amount equal to the shortfall between the sum of \$957,920 and the 3 years PBT (subject to a cap of \$957,920);

If the aggregate PBT of CHI in respect of all of the financial years ending 31 December for 2013, 2014 and 2015 is positive and is more than \$957,920, the Purchaser shall pay to the vendor an amount equal to the excess between the 3 years PBT and the sum of \$957,920 (subject to a cap of \$182,080).

As at the acquisition date, the fair value of the contingent consideration was estimated to be \$795,168. The fair value of the contingent consideration as at 31 December 2014 decreased by \$260,000 to \$535,168. The fair value of the contingent consideration was calculated by applying income approach using the PBT of CHI. This fair value adjustment of contingent consideration is recognised in the "Other income" line item in the Group's profit or loss for the year ended 31 December 2014.

The contingent consideration of \$957,920 was paid during the year and a receivable of \$422,672 (Note 17) was recognised as at year end.

Transaction costs

Transaction costs relating to the acquisition of \$19,000 have been recognised in "Other operating expenses" line item in the Group's income statement for the year ended 31 December 2013.

Goodwill arising from acquisition

The goodwill arising from the acquisition comprises the value of strengthening the Group's market position in the medical business and synergies in the Group's operation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

10. Investment in subsidiaries (cont'd)

Acquisition of business assets, liabilities and undertakings

On 1 June 2013, the Group's subsidiary, AsiaMedic Astique The Aesthetic Clinic Pte Ltd ("AATAC"), entered into a sale and purchase agreement (the "SPA") with WMB Holdings Pte Ltd (the "Vendor") to acquire certain business assets, liabilities and undertakings from the Vendor.

The Vendor owns the licensed aesthetic clinic known as "Astique The Aesthetic Clinic" (the "Clinic") and is in the business of provision of medical aesthetic services and sale of aesthetic goods and products in Singapore (the "Business").

The Group acquired the Business as a going concern together with the related business assets, liabilities and undertakings of the Business, including various goodwill, the business name, clinic name, clinic licence, fixed assets, contracts, licences, lease of the Vendor's premises, intellectual property, trading stock, trade payables and receivables and cash in hand and at bank but excluding certain liabilities (for instance, shareholders' and directors' loans to the Vendor) (collectively, the "Assets").

The purchase consideration for the Business and Assets is \$400,000. The purchase consideration was satisfied by the allotment and issue of 3,762,906 new ordinary shares of the Company ("Consideration Shares") at the issue price of \$0.1063 for each Consideration Share, fractional shares to be disregarded; and (ii) the allotment and issue of 3 fully paid new share of \$1 each in the capital of AATAC ("New AATAC Shares") (representing in aggregate 30% of the enlarged issued share capital of AATAC), to the Vendor. The Consideration Shares and New AATAC Shares shall be allotted and issued as fully paid to the Vendor.

The fair value of the identifiable assets and liabilities of the Assets as at the acquisition date was:

	Fair value recognised on acquisition \$
Property, plant and equipment	132,185
Inventories	75,003
Cash and short term deposits	(4,788)
Trade and other receivables	46,076
Trade and other payables	(246,086)
Finance lease	(126,255)
Total identifiable net liabilities at fair value	(123,865)
Non-controlling interest measured at the non-controlling interest proportionate share of AATAC's net identifiable assets	-
Goodwill arising from acquisition	523,865
Purchase consideration	400,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

10. Investment in subsidiaries (cont'd)

Acquisition of business assets, liabilities and undertakings (cont'd)

	Fair value recognised on acquisition \$
<u>Consideration transferred for acquisition</u>	
Equity instruments recognised	400,000
Total consideration transferred	<u>400,000</u>
<u>Effect of the acquisition on cash flows</u>	
Total consideration	400,000
Less: Non-cash consideration	<u>(400,000)</u>
	-
Add: Cash and short term deposits acquired	<u>4,788</u>
Cash inflow on acquisition	<u>4,788</u>

Transaction costs

Transaction costs relating to the acquisition of \$20,405 have been recognised in "Other operating expenses" line item in the Group's income statement for the year ended 31 December 2013. Part of the transaction costs amounting to \$10,203 is reimbursable by the Vendor to the Group and have been recognized in "Other income" line item.

Goodwill arising from acquisition

The goodwill arising from the acquisition comprises the value of strengthening the Group's market position in the medical business and synergies in the Group's operation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

10. Investment in subsidiaries (cont'd)

Acquisition of ownership interest in subsidiary, without loss of control

On 22 August 2014, the Company acquired an additional 40% equity interest in AsiaMedic Eye Centre Pte Ltd ("AME") from its non-controlling interests for a cash consideration of \$1,500. As a result of this acquisition, AME became a wholly-owned subsidiary of the Company. AME is in a net liabilities position. The carrying value of the additional interest acquired was \$312,719. The difference of \$314,219 between the consideration and the carrying value of the additional interest acquired has been recognised in "Accumulated losses" within equity.

	2014 \$
Consideration paid for acquisition of non-controlling interests	1,500
Decrease in net liabilities attributable to non-controlling interests	312,719
Decrease in equity attributable to owners of the Company	314,219

11. Investment in associates

	Group		Company	
	2014 \$	2013 \$	2014 \$	2013 \$
Unquoted shares, at cost	306,500	306,500	181,500	181,500
Loans to associates	1,134,826	1,405,826	882,560	1,278,560
Share of post-acquisition accumulated profit	217,459	78,684	-	-
	1,658,785	1,791,010	1,064,060	1,460,060

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

11. Investment in associates (cont'd)

Loans to associates are quasi-equity in nature, unsecured, non-interest bearing with no fixed repayment terms.

Name of associate (Country of incorporation)	Principal activities	Cost of investment		Proportion (%) of ownership interest	
		2014 \$	2013 \$	2014 %	2013 %
(1) Positron Tracers Pte Ltd (Singapore)	Manufacturing and selling of fludeoxyglucose (FDG) and other radioactive isotopes	181,500	181,500	33	33
(2) Cryoviva Singapore Pte Ltd (Singapore)	Provision of cord blood banking services	125,000	125,000	25	25
		<u>306,500</u>	<u>306,500</u>		

(1) Audited by KPMG LLP, Singapore.

(2) Audited by Kong, Lim & Partners LLP, Singapore

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

11. Investment in associates (cont'd)

The summarised financial information of the associates, based on its FRS financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	Positron Tracers Pte Ltd		Cryoviva Singapore Pte Ltd	
	2014	2013	2014	2013
	\$	\$	\$	\$
Current assets	4,729,348	4,660,177	941,431	753,795
Non-current assets	511,828	699,217	1,052,123	356,764
Total assets	5,241,176	5,359,394	1,993,554	1,110,559
Current liabilities	(3,267,521)	(4,404,195)	(2,256,220)	(830,682)
Non-current liabilities	-	-	(246,722)	-
Total liabilities	(3,267,521)	(4,404,195)	(2,502,942)	(830,682)
Net assets	1,973,655	955,199	(509,388)	279,877
Proportion of Group's ownership	33%	33%	25%	25%
Group's share of net assets	651,306	315,215	(127,347)	69,969
Loan to associate	882,560	1,278,560	252,266	127,266
Carrying amount of the investment	1,533,866	1,593,775	124,919	197,235

Summarised statement of comprehensive income

	Positron Tracers Pte Ltd		Cryoviva Singapore Pte Ltd	
	2014	2013	2014	2013
	\$	\$	\$	\$
Revenue	3,151,287	2,953,493	1,039,051	-
Profit/(Loss) after tax representing total comprehensive income for the year	1,018,456	1,321,155	(789,261)	(220,133)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

12. Intangible assets

	Group	
	2014	2013
	\$	\$
Cost:		
At beginning of year	65,930	-
Additions arising from acquisition of subsidiary (Note 10)	-	65,930
At end of year	65,930	65,930
Accumulated amortisation:		
At beginning of year	(8,791)	-
Charge for the year	(13,186)	(8,791)
At end of year	(21,977)	(8,791)
Net book value:		
At beginning of year	57,139	-
At end of year	43,953	57,139

Customer relationship has been identified as intangible asset arising from the acquisition of Complete Healthcare International Pte Ltd and has a remaining amortisation period of four years (2013: five years).

Amortisation of intangible asset is included in "Other operating expenses" in profit or loss.

13. Goodwill

	Group	
	2014	2013
	\$	\$
At beginning of year	2,124,311	-
Additions arising from acquisition of subsidiaries (Note 10)	-	2,124,311
At end of year	2,124,311	2,124,311

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

13. Goodwill (cont'd)

Impairment testing of goodwill

Goodwill acquired through business combination has been allocated to its respective cash-generating units ("CGU") namely CHI and AATAC. The recoverable amounts of the CGUs have been determined based on the value in use calculations using cash flow projections from financial budgets approved by management covering 5 years. The pre-tax discount rate applied to the cash flow projections is 9.2% for both CGUs and management has used 0% for both CGUs growth rate to extrapolate cash flow projections beyond five years period.

No impairment loss was recognised during the financial year.

14. Deferred tax

	Group	
	2014	2013
	\$	\$
<i>Deferred tax liabilities</i>		
Deferred tax arising on intangible asset from acquisition of subsidiary	(8,966)	(11,208)
Differences in depreciation for tax purposes	(37,660)	(23,687)
	<u>(46,626)</u>	<u>(34,895)</u>
<i>Deferred tax assets</i>		
Unutilised tax losses	<u>190,359</u>	<u>-</u>

At the end of the reporting period, the Group has unutilised tax losses and capital allowances of approximately \$3,787,012 (2013: \$3,309,296), and \$2,674,165 (2013: \$2,229,028) respectively that are available for offset against future taxable profits of the companies in which the losses and capital allowances arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses and allowances is subject to the agreement of the tax authority and compliance with certain provisions of the tax legislation of Singapore.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

15. Inventories

	Group	
	2014	2013
	\$	\$
Medical supplies	273,243	267,816
Statement of comprehensive income:		
Inventories recognised as an expense	1,398,323	718,734

16. Trade receivables

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Due from third parties	1,367,599	1,371,354	-	-
Allowance for impairment:				
- third parties	(3,645)	(17,569)	-	-
	1,363,954	1,353,785	-	-
Trade receivables, net	1,363,954	1,353,785	-	-
Add:				
Other receivables (Note 17)	2,352,390	1,752,168	2,868,150	3,362,470
Short term deposit pledged as security (Note 18)	300,000	300,000	-	-
Cash and short term deposits (Note 19)	6,259,961	7,176,868	4,055,237	5,695,901
Total loans and receivables	10,276,305	10,582,821	6,923,387	9,058,371

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

16. Trade receivables (cont'd)

Trade receivables due from third parties are unsecured, non-interest bearing and are generally on 30 – 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables due from subsidiaries are unsecured, non-interest bearing, repayable upon demand and are to be settled in cash.

Included in trade receivables is an amount of \$Nil (2013: \$12,682) denominated in United States Dollars.

Receivables that are past due but not impaired

The Group has trade receivables amounting to \$696,449 (2013: \$580,734) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their ageing at the end of the reporting period is as follows:

	Group	
	2014	2013
	\$	\$
Trade receivables past due:		
Less than 30 days	386,585	325,748
30 to 60 days	179,389	153,909
61 to 90 days	71,145	32,958
More than 90 days	59,330	68,119
	<u>696,449</u>	<u>580,734</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

16. Trade receivables (cont'd)

Receivables that are impaired

Trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment is as follows:

	Group		Company	
	2014 \$	2013 \$	2014 \$	2013 \$
Due from third parties – nominal amounts	78,166	95,735	-	-
Allowance for impairment – Third parties	(3,645)	(17,569)	-	-
	74,521	78,166	-	-
Movement in allowance accounts:				
At 1 January	17,569	-	-	-
Charge for the year	5,850	17,569	-	-
Reversal during the year	(12,738)	-	-	-
Written off	(7,036)	-	-	-
At 31 December	3,645	17,569	-	-

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

17. Other receivables

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Deposits	582,938	629,759	381,476	379,934
Other debtors	494,408	496,551	40,697	60,894
Amount due from non-controlling interest	422,672	-	422,672	-
Due from subsidiaries	-	-	9,105,128	7,822,465
Short term loan receivables	1,040,761	665,732	4,615	4,615
Allowance for impairment:				
- Due from subsidiaries	-	-	(7,086,438)	(4,905,438)
- Third parties	(188,389)	(39,874)	-	-
	2,352,390	1,752,168	2,868,150	3,362,470

The short term loan receivables relate to loans and advances given to the medical centre and post natal centre in Shanghai respectively for working capital purposes (Note 20). The loans are interest-free and denominated in Chinese Renminbi. The loans have no fixed term of repayment and are repayable on demand. The loans amounting to \$1,040,761 (2013: \$665,732) are secured by way of a joint and several guarantee from the borrowers.

During the year, the Group recorded an impairment loss of \$148,515 (2013: \$39,874) pertaining to the short term loan receivables in the income statement.

Receivables that are impaired

The movement of the allowance accounts used to record the impairment is as follows:

	Group	
	2014	2013
	\$	\$
Movement in allowance accounts:		
At 1 January	39,874	114,000
Charge for the year	148,515	39,874
Utilisation for the year	-	(114,000)
At 31 December	188,389	39,874

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

18. Short term deposit pledged as security

	Group	
	2014	2013
	\$	\$
Fixed deposits	300,000	300,000

The Group's short term deposit amounting to \$300,000 (2013: \$300,000) has been pledged as security for the term loan facility (Note 25). The fixed deposit pledged bears an interest rate of 0.75% (2013: 0.75%) per annum.

19. Cash and short term deposits

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Cash at banks and on hand	2,701,730	1,662,943	497,006	181,976
Short term deposits	3,558,231	5,513,925	3,558,231	5,513,925
	6,259,961	7,176,868	4,055,237	5,695,901

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

Short term deposits are placed with financial institutions for varying periods of between one month and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates ranging from 0.29% to 1.02% (2013: 1.00% to 1.15%) per annum.

Cash and short term deposits denominated in foreign currencies at the balance sheet date are as follows:

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Chinese Renminbi	1,320	594	-	-
United States Dollar	17,933	8,810	5,161	4,008
	19,253	9,404	5,161	4,008

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

20. Convertible loan receivables

	Group	
	2014	2013
	\$	\$
Convertible loan A	270,268	362,950
Convertible loan B	253,782	229,175
	<u>524,050</u>	<u>592,125</u>

Convertible loan A

On 15 June 2012, the Group entered into a convertible loan arrangement with unrelated third parties (hereafter the “borrowers”) who own a medical centre in Shanghai. The convertible loan is interest-free and denominated in Chinese Renminbi. The loan is for the set-up, development and operations of the medical centre. The loan period is 3 years from the final disbursement of the loan which was made in February 2013. The loans are secured by way of a joint and several guarantee from the borrowers.

Pursuant to the terms of the arrangement, the Group has the right to convert the loan into a 70% equity interest in the post natal centre during the loan period. Further to the terms of the arrangement, if the Group does not exercise its conversion rights upon maturity of the loan three years from the date of the final disbursement of the loan, the borrowers shall repay the Group based on 10% of the medical centre’s revenue until the loans are fully recovered.

Convertible loan B

On 30 December 2012, the Group entered into a convertible loan arrangement with unrelated third parties (hereafter the “borrowers”) who own a post natal centre in Shanghai. The convertible loan is interest-free and denominated in Chinese Renminbi. The loan is for the set-up, development and operations of the post natal centre. The loan period is 3 years from the final disbursement of the loan which was made in February 2013. The loans are secured by way of a joint and several guarantee from the borrowers.

Pursuant to the terms of the arrangement, the Group has the right to convert the loan into 80% equity interest in the post natal centre during the loan period. Further to the terms of the arrangement, if the Group does not exercise its conversion right upon maturity of the loan three years from the date of the final disbursement of the loan, the borrowers shall repay the Group based on 10% of the post natal centre’s revenue until the loans are fully recovered.

During the year, the Group recorded a fair value loss of \$88,134 (2013: \$132,268) pertaining to the convertible loans in the income statement.

The Group designated the convertible as financial assets at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

21. Trade payables

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Due to third parties	830,894	715,456	-	-
Trade payables	830,894	715,456	-	-
Add:				
Other payables and accruals (Note 22)	1,563,543	3,656,736	751,477	1,561,097
Obligations under finance leases (Note 26)	2,713,237	2,383,201	-	-
Loans and borrowings (Note 25)	2,009,408	1,866,001	-	-
Total financial liabilities carried at amortised cost	7,117,082	8,621,394	751,477	1,561,097

Trade payables are unsecured, non-interest bearing and are normally settled on 60-day terms.

22. Other payables and accruals

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Other payables	776,979	2,083,009	558,373	536,926
Accrued operating expenses	786,564	778,559	193,104	229,003
Amount owing to non-controlling interest	-	795,168	-	795,168
	1,563,543	3,656,736	751,477	1,561,097

Amount owing to non-controlling interest relates to the contingent consideration payable on acquisition of Complete Healthcare International Pte Ltd. The amount was paid during the year.

Included in other payables and accruals is an amount of \$25,165 (2013: \$17,375) denominated in Chinese Renminbi.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

23. Provision

	Group and Company	
	2014	2013
	\$	\$
Provision for reinstatement cost		
At 1 January/At 31 December	241,552	241,552

Provision for reinstatement cost arose on the leases of office and clinics. The provision for reinstatement cost is provided based on actual quotation by third party.

24. Deferred income

Deferred income relates to payments for healthcare services received in advance from customers.

25. Loans and borrowings

		Group	
	Maturity	2014	2013
		\$	\$
Current			
2.86% fixed rate SGD bank loan	2015	170,975	166,186
3.20% fixed rate SGD bank loan	2015	125,000	-
3.50% fixed rate SGD bank loan	2015	78,519	75,823
SGD term loan at enterprise base rate - 1.25%	On demand	1,000,000	1,000,000
		<u>1,374,494</u>	<u>1,242,009</u>
Non-current			
2.86% fixed rate SGD bank loan	28 December 2016	165,749	336,724
3.20% fixed rate SGD bank loan	15 January 2018	260,417	-
3.50% fixed rate SGD bank loan	14 June 2018	208,748	287,268
		<u>634,914</u>	<u>623,992</u>
		<u>2,009,408</u>	<u>1,866,001</u>

The loans are secured by corporate guarantees by the Company. The term loan of \$1,000,000 is also secured by a fixed deposit of \$300,000 placed with the financial institution (Note 18).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

26. Obligations under finance leases

The Group had finance lease arrangements for certain medical equipment as at the end of the reporting period. The discount rate implicit in the leases is between 2.88% and 3.085% (2013: 2.88% and 3.085%) per annum.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group			
	2014		2013	
	Minimum payments	Present value of minimum payments	Minimum payments	Present value of minimum payments
	\$	\$	\$	\$
Not later than one year	991,797	922,907	762,025	709,092
Later than one year but not later than five years	1,884,569	1,790,330	1,790,202	1,674,109
Total minimum lease payments	2,876,366	2,713,237	2,552,227	2,383,201
Less: Amounts representing finance charges	(163,129)	-	(169,026)	-
Present value of minimum lease payments	2,713,237	2,713,237	2,383,201	2,383,201

These obligations are secured by a charge over leased assets. The net book value of assets under finance lease is disclosed in Note 9. The finance lease is also secured by a corporate guarantee by the Company (Note 33(b)). Finance lease obligations are repayable in instalments and will fully mature in 2017.

27. Put options granted to non-controlling interests

Put option liabilities arose as a result of the acquisition of subsidiaries as disclosed in Note 10 whereby the vendors of the subsidiaries have been granted the option to sell their shares to the Group ("Put option").

Put Option A:

The put option represents 20% of the issued share capital of Complete Healthcare International Pte Ltd at the option price determined by a pre-determined formula. The option is exercisable for a period of 2 years commencing 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

27. Put options granted to non-controlling interest (cont'd)

As at 31 December 2013, the Group has accounted for the put option as a non-current liability in the statement of financial position and a corresponding charge to the reserve as separate component of equity. The present value of the redemption amount was \$306,980. As at 31 December 2014, the present value of the redemption amount was \$195,980. The change was accounted for as a decrease in non-current liability with a corresponding credit to the income statement under the "Other income" line item.

Put option B:

The put option represents 30% of the issued share capital of AsiaMedic Astique The Aesthetic Clinic Pte Ltd at the option price determined by a pre-determined formula. The option is exercisable for a period of 18 months commencing 10 June 2016.

As at 31 December 2013, the Group has accounted for the put option as a non-current liability in the statement of financial position and a corresponding charge to the reserve as separate component of equity. The present value of the redemption amount was \$345,564. As at 31 December 2014, the present value of the redemption amount was \$372,564. The change was accounted for as an increase in non-current liability with a corresponding charge to the income statement under the "Other income" line item.

28. Share capital

Group and Company				
2014		2013		
No. of shares	\$	No. of shares	\$	

Issued and fully paid ordinary shares:

At 1 January	339,088,125	21,950,527	335,325,219	21,550,530
Issuance of new shares	-	-	3,762,906	399,997
At 31 December	339,088,125	21,950,527	339,088,125	21,950,527

During the prior year, the Company issued 3,762,906 shares, in relation to acquisition of business assets, liabilities and undertakings of AsiaMedic Astique The Aesthetic Clinic (Note 10). The Company did not issue new shares during the year.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

29. Treasury shares

	Group and Company			
	2014 No. of shares	\$	2013 No. of shares	\$
At 1 January/31 December	100,000	2,866	100,000	2,866

Treasury share relate to ordinary shares of the Company that is held by the Company.

The Company did not acquire shares in the Company through purchases on the Singapore Exchange during both financial years. The total amount paid to acquire the shares is presented as a component within shareholders' equity.

No treasury shares were re-issued by the Company during the financial year.

30. Other reserves

	Group	
	2014 \$	2013 \$
Foreign currency translation reserve	45,676	22,358
Put options granted to non-controlling interests (Note 27)	(652,544)	(652,544)
	(606,868)	(630,186)

Foreign currency translation reserve

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

31. Employee benefits expense

	Group	
	2014	2013
	\$	\$
Salaries and bonuses	7,475,132	5,402,102
Central Provident Fund contributions	638,981	413,774
Other short-term benefits	630,633	402,521
	<u>8,744,746</u>	<u>6,218,397</u>

Included in employee benefits expense are compensation of key management personnel as disclosed in Note 32(b).

32. Related party transactions

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

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

	Group	
	2014	2013
	\$	\$
Purchase of consumables from an associate	<u>473,000</u>	<u>516,000</u>

(b) *Compensation of key management personnel*

Salaries and bonuses	1,295,632	1,210,550
Central Provident Fund contributions	70,992	64,105
Other short-term benefits	24,500	23,760
Directors' fees	147,279	140,505
	<u>1,538,403</u>	<u>1,438,920</u>
Comprise amounts paid to:		
- Directors of the Company	147,279	140,505
- Other key management personnel	1,391,124	1,298,415
	<u>1,538,403</u>	<u>1,438,920</u>

The remuneration of key management personnel are determined by the Remuneration Committee having regard to the performance of individuals and market trends.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

33. Commitments

(a) *Operating lease commitments – as lessee*

The Group has entered into operating leases of premises for use as office and clinics. The leases have remaining lease terms of 1 to 5 years.

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

	Group	
	2014	2013
	\$	\$
Not later than one year	2,136,534	2,136,539
Later than one year but not later than five years	7,684,362	9,820,436
	<u>9,820,896</u>	<u>11,956,975</u>

(b) *Corporate guarantees*

The Company has provided a corporate guarantee of \$3,722,646 (2013: \$3,342,158) to banks for finance leases and term loans taken by subsidiaries. As at year end, the Company does not expect these guarantees to be called upon.

34. Fair value of assets and liabilities

(a) *Fair value hierarchy*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

(b) *Assets and liabilities measured at fair value*

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

	Group 2014 \$		
	Fair value measurements at the end of the reporting period using		
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)
Recurring fair value measurements			
Assets			
Convertible loans	-	-	524,050
Contingent consideration due from non-controlling interest	-	-	422,672
	-	-	946,722
Liabilities			
Put options granted to non-controlling interests	-	-	568,544

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

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

	Group 2013 \$		
	Fair value measurements at the end of the reporting period using		
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)
Recurring fair value measurements			
Assets			
Convertible loans	-	-	592,125
Liabilities			
Put options granted to non-controlling interests	-	-	652,544
Contingent consideration for business combination	-	-	795,168
	-	-	1,447,712

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

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

	Company 2014 \$		
	Fair value measurements at the end of the reporting period using		
	Quoted prices in active markets for identical instruments	Significant observable inputs other than quoted prices	Significant unobservable inputs
	(Level 1)	(Level 2)	(Level 3)

Recurring fair value measurements

Asset

Contingent consideration due from
non-controlling interest

-	-	422,672
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	Company 2013 \$		
	Fair value measurements at the end of the reporting period using		
	Quoted prices in active markets for identical instruments	Significant observable inputs other than quoted prices	Significant unobservable inputs
	(Level 1)	(Level 2)	(Level 3)

Recurring fair value measurements

Liability

Contingent consideration for
business combination

-	-	795,168
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

(c) **Level 3 fair value measurements**

Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3).

Description	Valuation techniques	Significant unobservable inputs	Range
Recurring fair value measurements			
Assets			
Convertible loans	Discounted cash flow	Cost of equity	Not applicable for 2014 as there was no significant impact (2013: 20.7% and 25.7%)
	Binomial method	Credit spread	10.3% (2013: 8.1%)
	Discounted cash flow	Compound annual revenue growth rate	Not applicable for 2014 as there was no significant impact (2013: 42% and 177%)
Contingent consideration for business combination	Income approach	Forecast of income for financial year ending 31 December 2015	Not applicable
Liabilities			
Put options granted to non-controlling interests	Discounted cash flow	Borrowing cost	4.4% (2013: 4.4%)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

(c) **Level 3 fair value measurements (cont'd)**

Sensitivity analysis of alternative assumptions

The following table shows the impact on the Level 3 fair value measurement of assets and liabilities that are sensitive to changes in unobservable inputs that reflect reasonably possible alternative assumptions. The positive and negative effects are approximately the same.

		Group 2014 \$	
	Carrying amount		Profit or loss
Recurring fair value measurements			
Assets			
Convertible loans	524,050		
– Credit spread			19,000
Contingent consideration due from non-controlling interest	422,672		54,000
Liabilities			
Put options granted to non-controlling interests	568,544		57,000

		Company 2014 \$	
	Carrying amount		Profit or loss
Recurring fair value measurements			
Assets			
Contingent consideration due from non-controlling interest	422,672		54,000

In order to determine the effect of the above reasonably possible alternative assumptions, the Group adjusted the following key unobservable inputs used in the fair value measurement:

- For convertible loans, the Group adjusted the cost of equity and credit spread by increasing and decreasing the assumptions by 1%.
- For put options and contingent consideration due from non-controlling interests, the Group adjusted the probability of meeting the earnings target by increasing and decreasing the assumptions by 10%.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

(c) Level 3 fair value measurements (cont'd)

Sensitivity analysis of alternative assumptions (cont'd)

	Group 2013 \$	
	Carrying amount	Profit or loss

Recurring fair value measurements

Assets

Convertible loans	592,125	
– Cost of equity		6,000
– Credit spread		8,000
– Compound annual revenue growth rate		134,000

Liabilities

Put options granted to non-controlling interests	652,544	71,000
Contingent consideration due from non-controlling interest	795,168	80,000

	Company 2013 \$	
	Carrying amount	Profit or loss

Recurring fair value measurements

Liability

Contingent consideration due from non-controlling interest	795,168	80,000
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- For convertible loans, the Group adjusted the cost of equity and revenue growth rate increasing and decreasing the assumptions by 1% and 10% respectively.
- For put options and contingent consideration due from non-controlling interests, the Group adjusted the probability of meeting the earnings target by increasing and decreasing the assumptions by 10%.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

(c) *Level 3 fair value measurements (cont'd)*

Movements in Level 3 assets and liabilities measured at fair value

The following table presents the reconciliation for all assets and liabilities measured at fair value based on significant unobservable inputs (Level 3):

	Group 2014 \$ Fair value measurements using significant unobservable inputs (Level 3)		
	Convertible loans	Put options granted to non- controlling interests	Contingent Consideration
Opening balance	592,125	(652,544)	(795,168)
Gains included in profit or loss during the year	-	84,000	260,000
Loans granted	-	-	-
Settlement during the year	-	-	957,840
Impairment of convertible loans	(88,134)	-	-
Exchange differences	20,059	-	-
Closing balance	524,050	(568,544)	422,672

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

(c) Level 3 fair value measurements (cont'd)

	Group 2013 \$ Fair value measurements using significant unobservable inputs (Level 3)		
	Convertible loans	Put options granted to non- controlling interests	Contingent Consideration
Opening balance	588,661	-	-
Loans granted	137,239	-	-
Impairment of convertible loans	(132,268)	-	-
Arising from business combinations	-	(652,544)	(795,168)
Exchange differences	(1,507)	-	-
Closing balance	592,125	(652,544)	(795,168)

	Company 2014 \$ Fair value measurements using significant unobservable inputs (Level 3) Contingent consideration
Opening balance	(795,168)
Gain included in profit or loss during the year	260,000
Settlement during the year	957,840
Closing balance	422,672

	Company 2013 \$ Fair value measurements using significant unobservable inputs (Level 3) Contingent consideration
Opening balance	-
Arising from business combination	(795,168)
Closing balance	(795,168)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

(c) **Level 3 fair value measurements (cont'd)**

Valuation policies and procedures

The appropriate valuation techniques and inputs for fair value measurements are determined by management. In estimating the fair value of an asset or liability, the Group engaged external qualified valuers to perform the valuations. Management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 fair value measurement guidance. Management works closely with the valuers to establish the appropriate valuation techniques and inputs to the models. Management reports the findings to the Board of Directors.

(d) **Transfers between fair value hierarchy**

There were no transfers between Level 1 and Level 2 of the fair value hierarchy or transfers into or out of Level 3 of the fair value hierarchy.

(e) **Fair value of financial instruments whose carrying amounts are reasonable approximation of fair value**

Management has determined that the carrying amounts of trade and other receivables, trade and other payables and accruals, amounts due from subsidiaries, obligations under finance leases and interest bearing loans based on their notional amounts, are reasonable approximation of fair values either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period or the fixed rate instruments that approximate the market interest rates on the end of the reporting period.

(f) **Fair value of financial instruments whose carrying amounts are not reasonable approximation of fair value**

Management has determined that the non-current loans to its associates form part of its investment in the associates. The fair value of the loans is not determinable as the timing of future cash flows arising from the loans cannot be estimated reliably.

35. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk, liquidity risk and foreign currency risk. The Board of Directors reviews and approves policies and procedures for the management of these risks and they are summarised below. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and Company's maximum exposure to credit risk is the carrying amount of loans and receivables as indicated in Note 16. It is the Group's policy to minimise credit risk by dealing with creditworthy third parties and financial institutions.

At the end of the reporting period, there were no significant concentrations of credit risk for the Group, while almost all of the Company's receivables were balances with subsidiaries.

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash at bank and short term deposits are placed with or entered into with reputable financial institutions with high credit ratings.

Information regarding financial assets that are either past due or impaired is disclosed in Note 16.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and Company's exposure to interest rate risk arises primarily from its cash and short term deposits placed with reputable banks as well as interest-bearing loans and borrowings. Interest-bearing loans and borrowings are contracted with the objective of minimising interest burden by carefully evaluating the relative benefits between fixed rate and variable rate loans whilst maintaining an acceptable debt maturity profile.

Sensitivity analysis for interest rate risk

At the end of the reporting period if the interest rates had been 100 basis points lower/higher with all other variables held constant, the Company's profit net of taxation would have been \$23,723 (2013: \$39,956) lower/higher arising mainly as a result of lower/higher interest income from cash and deposit balances and lower/higher interest expense on floating rate loans and borrowings.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group monitors its liquidity risk and maintains a level of cash and short term deposits deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

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

	One year or less \$	One to five years \$	Total \$
Group			
2014			
<i>Financial assets:</i>			
Trade receivables	1,363,954	-	1,363,954
Other receivables	2,352,390	-	2,352,390
Convertible loan receivables	-	524,050	524,050
Short term deposit pledged as security	300,000	-	300,000
Short term deposits	6,259,961	-	6,259,961
Total undiscounted financial assets	10,276,305	524,050	10,800,355
<i>Financial liabilities:</i>			
Trade payables	830,894	-	830,894
Other payables and accruals	1,563,543	-	1,563,543
Obligations under finance leases	991,797	1,884,569	2,876,366
Loans and borrowings	1,401,133	656,006	2,057,139
Put options granted to non-controlling interests	-	568,544	568,544
Total undiscounted financial liabilities	4,787,367	3,109,119	7,896,486
Total net undiscounted financial assets/(liabilities)	5,488,938	(2,585,069)	2,903,869

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

Liquidity risk (cont'd)

	One year or less \$	One to five years \$	Total \$
Group			
2013			
Financial assets:			
Trade receivables	1,353,785	-	1,353,785
Other receivables	1,752,168	-	1,752,168
Convertible loan receivables	-	592,125	592,125
Short term deposit pledged as security	300,000	-	300,000
Cash and short term deposits	7,176,868	-	7,176,868
Total undiscounted financial assets	10,582,821	592,125	11,174,946
Financial liabilities:			
Trade payables	715,456	-	715,456
Other payables and accruals	3,656,736	-	3,656,736
Obligations under finance leases	762,025	1,790,202	2,552,227
Loans and borrowings	1,265,671	652,214	1,917,885
Put options granted to non-controlling interests	-	652,544	652,544
Total undiscounted financial liabilities	6,399,888	3,094,960	9,494,848
Total net undiscounted financial assets/(liabilities)	4,182,933	(2,502,835)	1,680,098

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

Liquidity risk (cont'd)

	One year or less \$	One to five years \$	Total \$
Company			
2014			
<i>Financial assets:</i>			
Other receivables	2,868,150	-	2,868,150
Cash and short term deposits	4,055,237	-	4,055,237
Total undiscounted financial assets	6,923,387	-	6,923,387
<i>Financial liabilities:</i>			
Other payables and accruals	751,477	-	751,477
Total undiscounted financial liabilities	751,477	-	751,477
Total net undiscounted financial assets	6,171,910	-	6,171,910
2013			
<i>Financial assets:</i>			
Other receivables	3,362,470	-	3,362,470
Cash and short term deposits	5,695,901	-	5,695,901
Total undiscounted financial assets	9,058,371	-	9,058,371
<i>Financial liabilities:</i>			
Other payables and accruals	1,561,097	-	1,561,097
Total undiscounted financial liabilities	1,561,097	-	1,561,097
Total net undiscounted financial assets	7,497,274	-	7,497,274

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

Foreign currency risk

The Group has transactional currency exposure arising from short term loan receivables that are denominated in Chinese Renminbi ("RMB"). The Group does not hedge this currency exposure.

Sensitivity analysis for foreign currency risk

The following table demonstrate the sensitivity of the Group's profit before tax to a reasonably possible change in the RMB exchange rate against the SGD, with all other variables held constant.

	Group	
	2014	2013
	\$	\$
RMB/SGD		
- strengthened 5% (2013: 5%)	(24,316)	(15,266)
- weakened 5% (2013: 5%)	24,316	15,266

36. Segment reporting

For management purposes, the Group regards the rendering of specialised healthcare services and healthcare consultancy and management services as a single segment. Management has not identified any business or operating units separately for purpose of making decisions about resource allocation and performance assessment.

The Group's revenue is derived from operations located in Singapore.

37. CAPITAL MANAGEMENT

Capital includes equity items.

The Group reviews and manages its capital structure to ensure optimal capital structure to maximise shareholder's returns taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2014 and 31 December 2013.

38. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Directors on 20 March 2015.

STATISTICS OF SHAREHOLDINGS

As at 19 March 2015

Issued and paid-up capital	:	S\$21,950,527
Number of shares (including treasury shares)	:	339,088,125
Number of shares (excluding treasury shares)	:	338,988,125
Treasury shares	:	100,000 (0.03%)
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share.
The Company cannot exercise any voting rights in respect of shares held by it as treasury shares.		

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	5	0.19	170	0.00
100 - 1,000	87	3.34	83,398	0.02
1,001 - 10,000	1,059	40.67	6,491,980	1.92
10,001 - 1,000,000	1,426	54.76	132,020,879	38.95
1,000,001 and above	27	1.04	200,391,698	59.11
Total	2,604	100.00	338,988,125	100.00

LIST OF 20 LARGEST SHAREHOLDERS

NO.	NAME	NO OF SHARES	PERCENTAGE (%)
1	GRANDIFLORA PTE LTD	81,340,000	23.99
2	DBS NOMINEES PTE LTD	19,494,000	5.75
3	RAFFLES NOMINEES (PTE) LTD	15,555,000	4.59
4	TAN WANG CHEOW	14,091,396	4.16
5	TAN GUEK MING	8,467,598	2.50
6	MAYBANK KIM ENG SECS PTE LTD	8,109,000	2.39
7	OCBC SECURITIES PRIVATE LTD	7,850,798	2.32
8	TAN AH SOON	7,097,000	2.09
9	CITIBANK NOMS S'PORE PTE LTD	5,724,000	1.69
10	UNITED OVERSEAS BANK NOMINEES	3,094,000	0.91
11	LEE YUEN SHIH	3,000,000	0.88
12	SIM TECK HUAT	2,720,000	0.80
13	WMB HOLDINGS PTE LTD	2,562,906	0.76
14	OCBC NOMINEES SINGAPORE	2,263,000	0.67
15	PHILLIP SECURITIES PTE LTD	2,169,000	0.64
16	YEO TIOW CHING	1,980,000	0.58
17	UOB KAY HIAN PTE LTD	1,720,000	0.51
18	CHEONG SIM ENG	1,700,000	0.50
19	NG MARY	1,680,000	0.50
20	DB NOMINEES (S) PTE LTD	1,340,000	0.40
TOTAL		191,957,698	56.63

STATISTICS OF SHAREHOLDINGS

As at 19 March 2015

SHAREHOLDINGS HELD BY THE PUBLIC

Percentage of shareholdings held by the public is approximately 69%, and therefore, Rule 723 of the Listing Manual (Section B: Rules of Catalyst) of the Singapore Exchange Securities Trading Limited is complied with.

SUBSTANTIAL SHAREHOLDERS

(As shown in the Register of Substantial Shareholders)

Name of Substantial Shareholders	Number of shares fully paid			
	Direct Interest	%	Deemed Interest	%
Grandiflora Pte Ltd ^{(1), (2)}	81,340,000	23.99	-	-
Skion Holdings Ltd ⁽¹⁾	-	-	81,340,000	23.99
Anthoni Salim ⁽¹⁾	-	-	81,340,000	23.99
Carrel Investments Ltd ⁽²⁾	-	-	81,340,000	23.99
Colink Assets Holding Limited ⁽²⁾	-	-	81,340,000	23.99
Chairul Tanjung Gafar ⁽²⁾	-	-	81,340,000	23.99
Tan Wang Cheow ⁽³⁾	14,091,396	4.16	8,467,598	2.50
Tan Guek Ming ⁽³⁾	8,467,598	2.50	14,091,396	4.16

Notes:

- (1) Skion Holdings Ltd ("Skion") owns 50% of the issued share capital of Grandiflora Pte Ltd ("Grandiflora"). Skion is wholly-owned by Mr Anthoni Salim. Accordingly, they are deemed interested in the shares held by Grandiflora.
- (2) Carrel Investments Ltd ("Carrel") owns 50% of the issued share capital of Grandiflora. Carrel is wholly-owned by Colink Assets Holding Limited ("Colink"). Colink is wholly-owned by Mr Chairul Tanjung Gafar. Accordingly, they are deemed interested in the shares held by Grandiflora.
- (3) Mr Tan Wang Cheow is husband of Mdm Tan Guek Ming. Each of them is deemed interested in the shares held by each other.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of AsiaMedic Limited (the “Company”) will be held at 350 Orchard Road #08-00, Shaw House, Singapore 238868, on Thursday, 30 April 2015 at 9.00 a.m. to transact the following businesses:

ORDINARY BUSINESS

1. To receive and adopt the audited financial statements for the financial year ended 31 December 2014 and the Directors’ and Auditors’ Reports thereon. **(Resolution 1)**
2. To re-elect Ms Suzanne Liao, a Director retiring pursuant to Article 92 of the Company’s Articles of Association. **(Resolution 2)**
3. To approve the Directors’ fee of S\$147,279 for the financial year ended 31 December 2014 (2013: S\$140,505). **(Resolution 3)**
4. To re-appoint Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 4)**

SPECIAL BUSINESS

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

AS ORDINARY RESOLUTIONS

5. Renewal of Share Issue Mandate

“That pursuant to Section 161 of the Companies Act, and the Listing Manual under Section B: Rules of Catalist (the “Rules of Catalist”) of the Singapore Exchange Securities Trading Limited (the “SGX-ST”), approval be and is hereby given to the Directors of the Company, to:

- (a) (i) issue ordinary shares in the capital of the Company (the “Shares”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require Shares to be issued including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors in their absolute discretion deem fit;

NOTICE OF ANNUAL GENERAL MEETING

- (b) issue Shares in pursuance of any Instruments made or granted by the Directors while the authority was in force (notwithstanding the authority conferred by this Resolution may have ceased to be in force) provided always that:
- (i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 100% of the total number of issued Shares, excluding treasury shares, of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to existing shareholders of the Company does not exceed 50% of the total number of issued Shares excluding treasury shares, and for the purpose of this Resolution, the total number of issued Shares excluding treasury shares shall be the Company's total number of issued Shares excluding treasury shares at the time this Resolution is passed, after adjusting for:
 - (a) new Shares arising from the conversion or exercise of convertible securities;
 - (b) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares;
 - (ii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST, the Monetary Authority of Singapore or the Sponsor of the Company) and the Articles of Association for the time being of the Company; and
 - (iii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.
- (c) the Directors be and are hereby authorised to do any and all acts which they deem necessary and expedient in connection with paragraphs (a) and (b) above."

[See Explanatory Note 1]

(Resolution 5)

6. Renewal of the Share Purchase Mandate

"That the Directors of the Company be and are hereby authorised to make purchases of issued and fully-paid ordinary shares in the capital of the Company (the "Shares") from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per cent. (10%) of the issued ordinary Shares in the capital of the Company as at the date of passing of this Resolution at the price of up to but not exceeding the Maximum Price, in accordance with the "Guidelines on Share Purchases" set out in the Annexure to the Appendix of this Annual Report and this mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date that the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier.

NOTICE OF ANNUAL GENERAL MEETING

In this Ordinary Resolution, "Maximum Price" means the maximum price at which the Shares can be purchased pursuant to the Share Purchase Mandate, which shall not exceed the sum constituting five per cent. (5%) above the average closing price of the Shares over the period of five (5) Market Days ("Market Day" being a day on which the SGX-ST is open for securities trading) in which transactions in the Shares on the SGX-ST were recorded, in the case of a market purchase, before the day on which such purchase is made, and in the case of an off-market purchase on an equal access scheme, immediately preceding the date of offer by the Company, as the case may be, and adjusted for any corporate action that occurs after the relevant five (5) day period."

[See Explanatory Note 2]

(Resolution 6)

7. Authority to Allot and Issue Shares under the AsiaMedic Share Award Scheme

"That the Directors of the Company be and are hereby authorised to offer and grant awards ("Awards") in accordance with the provisions of the AsiaMedic Share Award Scheme (the "Scheme") and to allot and issue from time to time such number of fully-paid shares as may be required to be issued pursuant to the vesting of the Awards under the Scheme provided always that the aggregate number of shares which may be issued or transferred pursuant to Awards granted under the Scheme, when added to (i) the number of shares issued and issuable and/or transferred and transferable in respect of all Awards granted thereunder; and (ii) all shares issued and issuable and/or transferred and transferable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company and for the time being in force shall not exceed twenty five per cent. (25%) of the issued share capital (excluding treasury shares) of the Company on the day preceding the relevant date of Award, and provided also that subject to such adjustments as may be made to the Scheme as a result of any variation in the capital structure of the Company."

[See Explanatory Note 3]

(Resolution 7)

ANY OTHER BUSINESS

8. To transact any other business which may be properly be transacted at an annual general meeting.

Dated this 15 April 2015

BY ORDER OF THE BOARD

Foo Soon Soo
Company Secretary

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting ("AGM") is entitled to appoint one or two proxies to attend and vote on his stead.
2. A proxy need not be a member of the Company.
3. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
4. The instrument appointing a proxy must be deposited at the registered office of the Company at 350 Orchard Road, #08-00 Shaw House, Singapore 238868 not less than 48 hours before the time appointed for the AGM.

Explanatory Notes:

1. Resolution 5, if passed, will empower the Directors of the Company from the date of the above Meeting until the next annual general meeting to issue Shares and convertible securities in the Company up to an amount not exceeding in aggregate 100% of the total number of issued Shares excluding treasury shares of the Company, of which the total number of Shares and convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed 50% of the total number of issued Shares excluding treasury shares of the Company at the time the Resolution is passed, for such purposes as they consider would be in the interests of the Company. The Rules of Catalist currently provide that the total number of issued Shares excluding treasury shares of the Company for this purpose shall be the total number of issued Shares excluding treasury shares at the time this Resolution is passed (after adjusting for new Shares arising from the conversion of convertible securities or share options on issue at the time this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of the Company's Shares). This authority will, unless revoked or varied at a general meeting, expire at the next annual general meeting of the Company.
2. Resolution 6, if passed, will empower the Directors, from the date of the above meeting until the next annual general meeting, to repurchase Shares by way of market purchases or off-market purchases of up to ten per cent. (10%) of the issued ordinary share capital of the Company at such price up to the Maximum Price. Information relating to this proposed Resolution is set out in the Appendix attached to the Annual Report.
3. Resolution 7, if passed, will empower the Directors to offer and grant Awards in accordance with the AsiaMedic Share Award Scheme and to issue shares in the capital of the Company pursuant to the granting of Awards under the Scheme.

Personal Data Privacy

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes.

NOTICE OF ANNUAL GENERAL MEETING

This notice has been prepared by the Company and reviewed by the Company's sponsor, Xandar Capital Pte Ltd (the "**Sponsor**"), for compliance with the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this notice including the accuracy or completeness of any of the information disclosed or the correctness of any of the statements made, opinions expressed or reports contained in this notice. This notice has not been examined or approved by the SGX-ST. The SGX-ST and the Sponsor assume no responsibility for the contents of this notice including the correctness of any of the statements made, opinions expressed or reports contained in this notice.

Contact person for the Sponsor: Ms Pauline Sim (Registered Professional, Xandar Capital Pte Ltd)
Address: 3 Shenton Way, #24-02 Shenton House, Singapore 068805
Telephone number: (65) 6319 4954.

PROXY FORM

ASIAMEDIC LIMITED

(Company Registration No: 197401556E)
(Incorporated in the Republic of Singapore)

IMPORTANT CPF Investors

- For investors who have used their CPF monies to buy AsiaMedic Limited's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees, and is sent solely FOR INFORMATION ONLY.
- This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
- CPF investors who wish to attend the Annual General Meeting as OBSERVERS have to submit their requests through their respective Agent Banks so that their Agent Banks may register with the Company's Registrar (Please see Note No. 8 on the reverse side).

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 15 April 2015.

I/We, _____

of _____

being *a member/members of ASIAMEDIC LIMITED (the "Company"), hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

And/or (delete as appropriate)

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as *my/our *proxy/proxies, to vote for *me/us on *my/our behalf at the Annual General Meeting ("AGM") of the Company to be held at 350 Orchard Road #08-00, Shaw House, Singapore 238868, on 30 April 2015 at 9.00 a.m. and at any adjournment thereof. The *proxy is/proxies are to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as *he/they will on any other matter arising at the AGM:

Resolution No.	Ordinary Resolutions	For	Against
1	Adoption of audited financial statements for the financial year ended 31 December 2014 and the Directors' and Auditors' Reports thereon		
2	Re-election of Ms Suzanne Liao as Director retiring pursuant to Article 92 of the Company's Articles of Association		
3	Approval of Directors' fee		
4	Re-appointment of Ernst & Young LLP as Auditors		
5	Authority for Directors to issue shares (Section 161 of the Companies Act, Chapter 50 and the Rules of Catalist)		
6	Renewal of the Share Purchase Mandate		
7	Authority for Directors to allot and issue shares (AsiaMedic Share Award Scheme)		

Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the Resolutions as set out in the Notice of AGM.

* Delete where applicable

Dated this _____ day of _____ 2015.

Total Number of Shares Held



Signature(s) of Member(s)/Common Seal

Notes:

1. A member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.
2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
3. The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
4. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.
5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 350, Orchard Road, #08-00 Shaw House, Singapore 238868 not later than 48 hours before the time set for the AGM.
6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.
8. Agent Banks acting on the request of CPF investors who wish to attend the meeting as Observers are required to submit in writing, a list with details of the investors' name, NRIC/Passport numbers, addresses and numbers of shares held. The list, signed by an authorised signatory of the Agent Bank, should reach the Company Secretary, at the registered office of the Company not later than 48 hours before the time appointed for holding the meeting.

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ASIAMEDIC LIMITED

(Co. Reg. No. 197401556E)

350 Orchard Road
#08-00 Shaw House
Singapore 238868
Tel: (65) 6789 8888 Fax: (65) 6738 4136
Email: info@asiamedic.com.sg
Website: www.asiamedic.com.sg