PACIFIC
HEALTHCARE
HOLDINGS

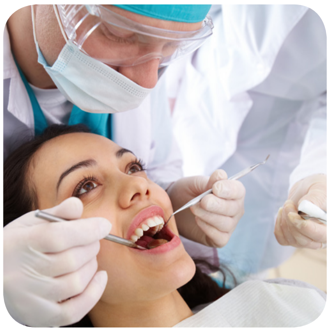
YOUR **HEALTH** OUR **PRIORITY**

ANNUAL REPORT 2015

Contents

VISION

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



MISSION

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

CONCEPT

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

Care

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

Corporate Profile

As an integrated healthcare provider of choice, PACIFIC HEALTHCARE continues to offer an extensive range of medical care and services in areas of specialist medical care, dentistry, general practice medicine, day surgery facilities and nursing homes. Our medical facilities are located in a prime area of Orchard Road at Paragon Medical, while our subsidiary and associate nursing homes are conveniently located in the residential neighbourhoods of Lengkok Bahru and Senja respectively.

PACIFIC HEALTHCARE - for total physical, mental and social well-being

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

In line with plans to concentrate on core growth areas, the Group has distilled its focus into services and markets with greatest potential. While our medical and dental specialists are concerned with the total health and well-being of our patients, our competencies remain on active and essential areas such as pediatrics, elderly care, plastic and cosmetic surgery and procedures, cosmetic and implant dentistry, among other specialties. The Group has been and will continue to invest in the necessary medical and caretaking technology to serve our patients and residents well.

Chairman's Statement

Lew Oon Yew
Chairman

"By concentrating on its home market of Singapore for the medical services and the eldercare segments, and through the divestment of the diagnostics and imaging operations, our Group was able to focus on its core competencies and utilise management resources more effectively."

Chairman's Statement

Dear Shareholders,

REVIEW OF 2015

Although Group revenue decreased from S$52.9 million in 2014 to S$45.7 million in 2015, better cost control and the divestment of loss-making operations resulted in better overall pretax losses of S$1.7 million compared to S$3.7 million the previous year. Throughout 2015, the Group witnessed the departure or active cessation of certain medical specialist practices, as well as a general cyclical reduction in foreign patients due to the economic downcycle in some of our traditional foreign markets, such as Eastern Europe.

Nevertheless, 2015 remained a transformative year for Pacific Healthcare, as the Group put its restructuring in place. By concentrating on its home market of Singapore for the medical services and the eldercare segments, and through the divestment of the diagnostics and imaging operations, our Group was able to focus on its core competencies and utilise management resources more effectively.

LOOKING AHEAD

Pacific Healthcare completed the sale of its diagnostic and imaging business in early 2016. Throughout the year, the Company has been making brief updates to its shareholders on the proposed privatisation of the Company, with which it continues to develop with stakeholders as a work-in-progress.

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

The early part of 2016 also saw the departure of our former CEO, Mr Andrew Wong and General Manager, Ms Sharon Chia. Both of these individuals have been an important part of our Group and I would like to take this opportunity to wish them every success in their business and personal endeavours. Mr Andrew Wong's role has been taken over by Mr Leslie Koh, who brings with him valuable leadership and restructuring experience, and it is the intention that he will work with the board to chart and steer the Group in its next phase of growth.

Lew Oon Yew
Chairman

Board of Directors

MR LEW OON YEW
Non-Independent
Non-Executive Chairman

MR HUDSON CHUA JAIN
Lead Independent Director

MR LIEN KAIT LONG
Non-Independent
Non-Executive Director

MR PANG YOKE MIN
Non-Independent
Non-Executive Director

Board Of Directors

MR CHRISTOPHER CHONG FOOK CHOY
Independent Non-Executive Director

MS YEO SU-LYNN
Independent Non-Executive Director

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

Board of Directors

MR LEW OON YEW

Non-Independent Non-Executive Chairman

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

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

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

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

MR HUDSON CHUA JAIN

Lead Independent Director

Mr Hudson Chua Jain is our Lead Independent Director and also a partner of Crowe Horwath and Hii & Lee Malaysia based in the Kuching office. He has vast experience in financial audits of public and private companies in various industries such as manufacturing, plantation, hospitality, trading and healthcare. He also has extensive experiences in taxation, corporate restructuring as well as in the provision of professional support services for mergers, acquisitions and capital/fund raising activities.

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

MR LIEN KAIT LONG

Non-Independent Non-Executive Director

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

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

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

Board Of Directors

MR PANG YOKE MIN

Non-Independent Non-Executive Director

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

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

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

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

MR CHRISTOPHER CHONG FOOK CHOY

Independent Non-Executive Director

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

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

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

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

Board of Directors

MS YEO SU-LYNN

Independent Non-Executive Director

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

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

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

MR PANG WEI KUAN, JAMES

Alternate Director to Mr Pang Yoke Min

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

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

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

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

Further Information on Board of Directors

MR LEW OON YEW 1

Non-Independent Non-Executive Chairman

Date of first appointment as a Director:

14 November 2011

Date of first appointment as a Chairman:

18 November 2011

Date of last re-election as a Director:

29 April 2014

Length of Service as a Director (as at 31 December 2015):

4 years 1 month

Board Committee(s) served on:

Audit Committee (Member)

Present directorship/chairmanship in other listed companies:

Nil

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

- Proventeus Capital Partners Limited

Past principal directorships/ chairmanship held over the preceding 3 years in other listed companies (from 1 January 2013 to 31 December 2015):

Nil

Any relationships including immediate family relationships between the directors, the Company or its 10% shareholders:

- Mr Lew Oon Yew is the Board representative of Valuecare Limited, a controlling shareholder of the Company

MR HUDSON CHUA JAIN 2

Lead Independent Director

Date of first appointment as a Director:

14 November 2011

Date of last re-election as a Director:

27 April 2015

Length of Service as a Director (as at 31 December 2015):

4 years 1 month

Board Committee(s) served on:

- Audit Committee (Chairman)
- Remuneration Committee (Member)
- Nominating Committee (Member)

Present directorship/chairmanship in other listed companies:

Nil

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

- Crowe Horwath Malaysia
- Hii & Lee Malaysia

Past principal directorships/ chairmanship held over the preceding 3 years in other listed companies (from 1 January 2013 to 31 December 2015):

Nil

Any relationships including immediate family relationships between the directors, the Company or its 10% shareholders:

None

Further Information on Board of Directors

MR LIEN KAIT LONG 3

Non-Independent Non-Executive Director

Date of first appointment as a Director:

19 September 2013

Date of last re-election as a Director:

29 April 2014

Length of Service as a Director (as at 31 December 2015):

2 years 3 months

Board Committee(s) served on:

Nil

Present directorship/chairmanship in other listed companies:

- China Enterprises Ltd [OTC USA]
- China Jishan Holdings Limited *(Lead Independent Director and Chairman of Audit and Risk Committee and Nominating Committee)*
- Hanwell Holdings Limited *(Independent Director and Chairman of Nominating Committee)*
- Falcon Energy Group Limited *(Lead Independent Director and Chairman of Audit Committee)*
- Tat Seng Packaging Group Limited *(Independent Director and Chairman of Audit Committee)*
- Viking Offshore and Marine Ltd *(Independent Director and Chairman of Audit Committee)*
- 8Telecom International Holdings Co.Ltd *(Lead Independent Director and Chairman of Audit Committee)*
- IPC Corporation Ltd *(Independent Director)*
- Renewable Energy Asia Group Ltd *(Independent Director and Chairman of Audit Committee)*

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

Nil

Past principal directorships/chairmanship held over the preceding 3 years in other listed companies (from 1 January 2013 to 31 December 2015):

- Youyue International Limited *(Independent Director and Chairman of Audit Committee and Remuneration Committee) with effect from 10 June 2014*

Any relationships including immediate family relationships between the directors, the Company or its 10% shareholders:

- Mr Lien Kait Long is the Board Representative of Affluent Healthcare Holdings Pte. Ltd., a controlling shareholder of the Company

MR PANG YOKE MIN 4

Non-Independent Non-Executive Director

Date of first appointment as a Director:

2 May 2013

Date of last re-election as a Director:

29 April 2014

Length of Service as a Director (as at 31 December 2015):

2 years 7 months

Board Committee(s) served on:

Nil

Present directorship/chairmanship in other listed companies:

- Pacific Radiance Ltd (Chairman)
- Global Yellow Pages Limited (Director)

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

- Radiance Investment Pte Ltd

Past principal directorships/chairmanship held over the preceding 3 years in other listed companies (from 1 January 2013 to 31 December 2015):

Nil

Any relationships including immediate family relationships between the directors, the Company or its 10% shareholders:

- Mr Pang Yoke Min is an immediate family member of Mr Pang Wei Kuan, James (the alternate director to Mr Pang Yoke Min)
- Mr Pang Yoke Min is a Director and Shareholder of Radiance Investment Pte Ltd., a substantial shareholder of the Company

Further Information on Board of Directors

5 MR CHRISTOPHER CHONG FOOK CHOY

Independent Non-Executive Director

Date of first appointment as a Director:

14 November 2011

Date of last re-election as a Director:

27 April 2015

Length of Service as a Director (as at 31 December 2015):

4 years 1 month

Board Committee(s) served on:

Nominating Committee (Chairman)
Audit Committee (Member)
Remuneration Committee (Member)

Present directorship/chairmanship in other listed companies:

Nil

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

- Rodyk & Davidson LLP

Past principal directorships/chairmanship held over the preceding 3 years in other listed companies (from 1 January 2013 to 31 December 2015):

Nil

Any relationships including immediate family relationships between the directors, the Company or its 10% shareholders:

None

6 MS YEO SU-LYNN

Independent Non-Executive Director

Date of first appointment as a Director:

10 July 2012

Date of last re-election as a Director:

27 April 2015

Length of Service as a Director (as at 31 December 2015):

3 years 5 months

Board Committee(s) served on:

- Remuneration Committee (Chairperson)
- Audit Committee (Member)
- Nominating Committee (Member)

Present directorship/chairmanship in other listed companies:

Nil

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

- Alzheimer's Disease Association, Singapore
  (Member of Honorary Treasurer and Management Committee)

Past principal directorships/chairmanship held over the preceding 3 years in other listed companies (from 1 January 2013 to 31 December 2015):

Nil

Any relationships including immediate family relationships between the directors, the Company or its 10% shareholders:

None

7 MR PANG WEI KUAN, JAMES

Alternate Director to Mr Pang Yoke Min

Date of first appointment as a Director:

19 September 2013

Date of last re-election as a Director:

NA

Length of Service as a Director (as at 31 December 2015):

2 years 3 months

Board Committee(s) served on:

NA

Present directorship/chairmanship in other listed companies:

Nil

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

- Subsidiaries of Pacific Radiance Ltd
- Radiance Investment Pte Ltd
- Hudson Marine Pte Ltd
- PT Jawa Tirtamarin

Past principal directorships/chairmanship held over the preceding 3 years in other listed companies (from 1 January 2013 to 31 December 2015):

Nil

Any relationships including immediate family relationships between the directors, the Company or its 10% shareholders:

- Mr Pang Wei Kuan, James is an immediate family member of Mr Pang Yoke Min
- Mr Pang Wei Kuan, James is a Director of Radiance Investment Pte. Ltd., a substantial shareholder of the Company

Compassion

To understand & empathise with our patients and their needs

Operations Review

In 2015, the Company continued with its strategy to transform itself into a services provider in both the medical services and eldercare sectors, and to focus on its home market in Singapore. In line with this, the Company completed the sale of its diagnostic and imaging business that year. Non profitable overseas operations were also closed or sold. The Company has been actively reducing costs in non-core activities and focusing on essential competencies in specialist medical, dental and nursing home operations.

Early 2016 also saw some changes at top level management with the departure and subsequent replacement of the Group's CEO and General Manager. It is hoped that this fresh leadership will steer the Group into more efficient and profitable directions.

REVENUE & PROFITABILITY

Group revenue decreased from $52.9 million to $45.7 million compared to 2014 due mainly to the departure or cessation of certain specialist practices formerly within the Group, and lesser seasonal revenues from overseas patients. Revenue from the dentistry and medical segment was reduced by 21% and 11% respectively as compared to the previous financial year. Revenue was bolstered, however, by the full-year recognition of revenues from the nursing home sector of about S$6.2 million, compared to partial-year recognition in 2014 of S$2.5 million.

Overall operating expenses were reduced by 14% due to tighter cost controls in all areas including consumables and salaries, which were down by 15% and 14% respectively.

As a result of the shifting of its strategic focus and certain of the cost-cutting measures put in place throughout the year, the Group reported a pretax loss of S$1.7 million, which was an improvement of 54% over the previous year.

The Group reported a net loss attributable to owners of the company of S$2.4 million, an improvement by 7% from the previous year.

Operations Review

BALANCE SHEET

As at December 2015, the Group's cash and bank balance stood at S$2.6 million, as compared to S$2.7 million in the previous year. The Group had current assets of S$11.0 million.

As at 31 December 2015, the Group had current liabilities of S$17.5 million, increased from S$16.3 million in 2014. Total liabilities stood at S$18.1 million, which was up by S$3.3 million from the previous year.

STRATEGIC PLANS

The Company will continue to concentrate on areas that will bring the greatest medium term profitability and play to its core strengths. The Company has and will continue to focus on effectively managing costs to match revenues in performing business segments and into areas that will bring it the greatest overall financial benefit. In that vein, the Company may continue to grow and venture into areas where it already enjoys core competencies.

Medical Excellence

To offer quality medical care of the highest standards

Corporate Information

DIRECTORS

Mr Lew Oon Yew
Non-Independent Non-Executive Chairman

Mr Hudson Chua Jain
Lead Independent Director

Mr Lien Kait Long
Non-Independent Non-Executive Director

Mr Pang Yoke Min
Non-Independent Non-Executive Director

Mr Christopher Chong Fook Choy
Independent Non-Executive Director

Ms Yeo Su-Lynn
Independent Non-Executive Director

Mr Pang Wei Kuan, James
Alternate Director to Mr Pang Yoke Min

AUDIT COMMITTEE

Mr Hudson Chua Jain
Chairman

Mr Lew Oon Yew
Member

Mr Christopher Chong Fook Choy
Member

Ms Yeo Su-Lynn
Member

NOMINATING COMMITTEE

Mr Christopher Chong Fook Choy
Chairman

Mr Hudson Chua Jain
Member

Mr Yeo Su-Lynn
Member

REMUNERATION COMMITTEE

Ms Yeo Su-Lynn
Chairperson

Mr Hudson Chua Jain
Member

Mr Christopher Chong Fook Choy
Member

COMPANY SECRETARIES

Mr Teo Meng Keong

Mr Lee Wei Hsiung

REGISTERED OFFICE

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

PRINCIPAL BANKERS

Standard Chartered Bank
United Overseas Bank Limited

SHARE REGISTRAR

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

AUDITORS

Baker Tilly TFW LLP
600 North Bridge Road
#05-01 Parkview Square
Singapore 188778

Partner in charge: Mr Khor Boon Hong
(with effect from financial year ended 31 December 2015)

Financial Contents

Report on Corporate Governance

Pacific Healthcare Holdings Ltd. (the "**Company**") is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the "**Group**") by complying with the Singapore Code of Corporate Governance 2012 (the "**Code**"). The Board of Directors (the "**Board**") confirms that, for the financial year ended 31 December 2015 ("**FY2015**"), the Company has generally adhered to the principles and guidelines set out in the Code. Where there are deviations from the Code, appropriate explanations are provided.

The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time.

I. BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

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

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

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

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

The EXCO members are made up of the following members:

1.	Mr Lew Oon Yew	-	Chairman
2.	Mr Lien Kait Long	-	Member
3.	Mr Pang Yoke Min/Mr Pang Wei Kuan, James	-	Member
4.	Mr Koh Kok Heng, Leslie	-	Member

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

a) variation of any material contract, agreement or arrangement, including a partnership agreement or a joint venture agreement, between the Company and a third party;

b) the Group's annual operating and capital budgets;

c) to carry out such other functions as may be delegated to it by the Board.

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

Board attendance

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

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

Name	Board	Audit Committee	Nominating Committee	Remuneration Committee
	No.of Meetings held: 4	No. of Meetings held: 4	No. of Meetings held: 1	No. of Meetings held: 1
	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended
Mr Lew Oon Yew	4	3	NA	NA
Mr Lien Kait Long	4	NA	NA	NA
Mr Pang Yoke Min	4	NA	NA	NA
Mr Christopher Chong Fook Choy	1	3	1	1
Mr Hudson Chua Jain	4	4	NA	1
Ms Yeo Su-Lynn	3	3	1	NA
Mr Goh Kok Liang [Note]	2	NA	1	1
Mr Wu Chin Loong [Note]	2	NA	NA	NA

NA: Not Applicable

Note:

Mr Goh Kok Liang and Mr Wu Chin Loong resigned as the Directors of the Company with effect from 12 May 2015.

Training for Directors

Directors with no previous Board experience have to undergo orientation and training programme to develop the requisite individual skills. The Directors are informed and encouraged to attend relevant courses conducted by the Singapore Institute of Directors, Singapore Exchange Securities Limited and consultants. During the year, the Directors received updates on the Group's businesses and regulatory changes to the Listing Rules, business initiatives and changes to the accounting standards. Updates on relevant legal, regulatory and technical developments may be in writing or disseminated by way of briefings, presentations and/or handouts.

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

Principle 2: Board Composition and Guidance

The Board comprises the following members:

1. Mr Lew Oon Yew - Non-Independent Non-Executive Chairman
2. Mr Lien Kait Long - Non-Independent Non-Executive Director
3. Mr Pang Yoke Min - Non-Independent Non-Executive Director
4. Mr Hudson Chua Jain - Lead Independent Director
5. Mr Christopher Chong Fook Choy - Independent Non-Executive Director
6. Ms Yeo Su-Lynn - Independent Non-Executive Director
7. Mr Pang Wei Kuan, James - Alternate Director to Mr Pang Yoke Min

Currently, the Board comprises 6 Directors, 3 of whom are Independent Non-Executive Directors. Therefore, there is a strong and independent element in the Board and the requirement of the Code that the independent director must be made up at least 1/3 of the Board is satisfied. Guideline 2.2 of the Code which requires that the independent director to make up at least half of the Board in view that Chairman is not an independent director is also satisfied.

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

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

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

The Board currently has one Alternate Director, namely Mr Pang Wei Kuan, James who is the Alternate Director to Mr Pang Yoke Min. Mr Pang Wei Kuan, James is based in Singapore and is familiar with the Group's affairs and qualified to bear all the duties and responsibilities of the Principal Director.

Given the current nature and scope of the Company's operations, the NC and the Board considers the present board size and number of committees facilitate effective decision-making and that no individual or small group of individuals dominates the Board's decision making process. The NC and the Board are of the view that the present Board has the mix of expertise, experience, gender and competencies such as accounting or finance, business or management experience and industry knowledge for the effective functioning of the Board and is appropriate for the current scope and nature of the operations of the Group. In particular, the Non-Executive Directors, who are mostly professionals and experts in their own fields, are able to take a broader view of the Group's activities, contribute their valuable experiences and provide independent judgement during Board deliberations. Details of the Directors' qualifications, background and working experience are set out under "Board of Directors" section in this Annual Report.

The Board and Management are given opportunities to engage in open and constructive debate for the furtherance of achieving strategic objectives. The Non-Executive Directors actively challenge and help the Group in developing proposals on strategy, review the performance of and to extend guidance to the Management. Where necessary, the Non-Executive Directors meet and discuss on the Group's affairs without the presence of Management.

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

On 11 January 2016, the Company announced the resignation of the CEO, Mr Wong Yee Kong (Andrew) with effect from 31 January 2016 and subsequently on 1 February 2016 and 31 March 2016, the Company announced the appointments of Mr Koh Kok Heng, Leslie as the interim CEO of the Company and CEO of the Company respectively.

The Chairman and the CEO of the Company are separate persons and are not related. The Chairman of the Company is Mr. Lew Oon Yew. He is a Non-Independent Non-Executive Director and he also chairs the EXCO.

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

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

The CEO is responsible for implementing the Group's strategic plans and overall management of the Group's day to day operations, setting strategies, objectives and missions as well as translating the Board's decision and plans into execution action and is assisted by key management personnel.

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

Principle 4: Board Membership

The NC comprises 3 members, all of whom are Independent Non-Executive Directors. The members of the NC are as follows:

1. Mr Christopher Chong Fook Choy - Chairman
2. Ms Yeo Su-Lynn - Member
3. Mr Hudson Chua Jain - Member

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

(a) nomination and re-nomination of Directors having regard to the Director's contribution and performance;

(b) determining on an annual basis whether or not a Director is independent;

(c) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director;

(d) review and approve any new employment of related persons and proposed terms of their employment;

(e) review and recommend the training and professional development programmes for the Board;

(f) recommend to the Board succession plans for Directors, in particular, the Chairman and the CEO;

(g) reviews and consider whether a Director who has multiple board representations in listed company and other principal commitments, is able to devote time and has adequately carrying out his/her duties as a Director of the company;

(h) recommend the appointment of key management positions, reviewing succession plans for key positions within the Group and overseeing the development of key executives and talented executives within the Group.

For FY2015, despite some of the Directors having multiple board representations, the NC takes into account the results of the assessment of the effectiveness of the individual Director and his actual conduct on the Board, in making his determination, is satisfied that these Directors had devoted sufficient time and attention to the affairs of the Company and are able to and have adequately carried out their duties as Directors of the Company. As time requirements of each Director are subjective, the NC has decided not to fix a maximum limit on the number of Directorship a Director can hold. The NC considers that the multiple board representations held presently by its Directors do not impede their respective performance in carrying out their duties to the Company. The NC is also of the view that its assessment of a Director's ability to devote sufficient time to the discharge of his or her duties should not entail a restriction on the number of other board commitments or their other principal commitments.

There was no additional Director appointed during the year. The NC reviews the need for appointment of additional Director(s) from time to time and the composition of the Board, including the mix of expertise, skills and attributes of existing Directors, so as to identify needed and/or desired competencies to supplement the Board's existing attributes. The process for the search, selection and appointment of new Directors is as follows:

a) candidates are sourced through network of contacts and identified based on the needs of the relevant skills, experience, knowledge and expertise.

b) the NC meets with the short-listed candidates to assess their suitability taking into consideration the existing composition of the Board and strives to ensure that the Board has an appropriate balance of Independent Directors as well as qualification and experience of each candidate, his/her ability to increase the effectiveness of the Board and to add value to the Group's business in line with its strategic objectives and to ensure that the candidates are aware of the expectations and the level of commitment required of them.

c) the NC makes recommendations to the Board for approval.

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

The NC reviews all nominations for appointments and re-appointments to the Board and submits its recommendations for approval by the Board, taking into account whether Directors are properly qualified for re-appointment by virtue of their skills, experience and contributions and an appropriate mix of core competencies for the Board to fulfil its roles and responsibilities. The NC has recommended to the Board that Mr Pang Yoke Min and Mr Lien Kait Long be nominated for re-election at the forthcoming AGM of the Company. The Board recommends the shareholders to approve the re-election of the said Directors. The details of the proposed resolutions are stipulated in the Notice of AGM.

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

Principle 5: Board Performance

Subject to the approval of the Board, the NC will periodically review and decide on how the Board's performance is to be evaluated and propose objective performance criteria which address how the Board has enhanced long-term shareholders' value.

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

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

a. the performance of the Board as a whole has been satisfactory;

b. sufficient time and attention has been given to the Group by the Directors;

c. the current size and composition of the Board provides it with adequate ability to meet the existing scope of needs and the nature of operations of the Company.

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

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

Principle 6 : Access to Information

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

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

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

II. REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The RC comprises 3 members, all of whom are Independent and Non-Executive Directors. The members of the RC are as follows:

1. Ms Yeo Su-Lynn - Chairperson
2. Mr Hudson Chua Jain - Member
3. Mr Christopher Chong Fook Choy - Member

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

a) review and approve the general remuneration framework of the Directors and key management personnel of the Company and its subsidiaries;

b) structure a significant and appropriate proportion of Executive Directors and key management personnel's remuneration;

c) review the on-going appropriateness and relevance of the executive remuneration policy and other benefit programs;

d) determine, review and approve the design of all option plans, stock plans and/or other equity based plans that the Group proposes to implement;

e) review the remuneration of employees who are related to the Directors and 10% substantial shareholders; and

f) review and recommend to the Board the eligibility of the Executive Directors and key management personnel under long-term incentive schemes and to evaluate the costs and benefits of such long-term incentive schemes.

The RC will recommend to the Board a framework of remuneration (including but not limited to fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind) for the Directors, CEO and all key management personnel whose annual remuneration exceeds S$250,000. The RC will also make recommendations to the Board on the remuneration package of the CEO and Executive Directors. The remuneration and benefits-in-kind of all key management personnel whose annual remuneration exceeds S$250,000 shall be reviewed by the RC.

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

Principle 8: Level and Mix of Remuneration

In setting the remuneration packages of the Executive Directors, the Company takes into consideration the remuneration and employment conditions and makes a comparative study of the packages of Executive Directors in comparable companies/industries as well as the Group's relative performance. The RC ensures that the level and structure of remuneration of the Executive Directors and key management personnel are aligned with the long-term interest and risk policies of the Company, as well as the ability of such remuneration structures to attract, retain and motivate Executive Directors and key management personnel to provide good stewardship and management of the Company.

There was no new Executive Director appointed subsequent to the resignation of two Executive Directors in year 2015 and the CEO is responsible for the day-to-day operation of the Group. The CEO of the Company, Mr Wong Yee Kong (Andrew), had resigned on 31 January 2016 and subsequently, the Board had appointed Mr Koh Kok Heng, Leslie the CFO of the Company, as CEO of the Company with effect from 1 April 2016.

The service contract with Mr Koh Kok Heng, Leslie commenced on 11 January 2016. Mr Leslie Koh or the Company may terminate the service contact by giving to the other party not less than three months' notice in writing, or in lieu of notice, payment of an amount equivalent to three months' salary based on his last drawn salary.

Under the service contracts of Executive Directors and Key Management Personnel, the appointer entitled to an annual wage supplement (AWS) equivalent to one month basic salary, provided that the appointer has been in continuous service for 12 months and are being employed as at 31 December of the year.

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

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

Principle 9: Disclosure on Remuneration

Directors' Remuneration

The breakdown of remuneration of the Directors and the CEO FY2015 are as follows:

Name	Remuneration (S$)	Salary (%)	Bonus (%)	Directors' Fee (%)	Professional Fees (%)	Total (%)
Below S$500,000 to above S$250,000						
Mr Wong Yee Kong (Andrew) (i)	–	100%				100%
Below S$250,000						
Mr Lew Oon Yew	10,000			100%		100%
Mr Hudson Chua Jain	46,000			100%		100%
Mr Christopher Chong Fook Choy	41,000			100%		100%
Ms Yeo Su-Lynn	36,000			100%		100%
Mr Goh Kok Liang (ii)	15,375			100%		100%

Note:

(i) Mr Wong Yee Kong (Andrew) had resigned as the CEO of the Company with effect from 31 January 2016.

(ii) Mr Goh Kok Liang had resigned as the Independent Non-Executive Director of the Company with effect from 12 May 2015.

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

Key Management Personnel's Remuneration

The Company only have top 2 key management personnel during the financial year ended 31 December 2015 and the annual aggregate remuneration paid to the key management personnel of the Company (excluding the CEO) for FY2015 is S$238,529.

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

The remuneration of employee who is immediate family member of a Director for FY2015 is as follow:

Name	Remuneration Band
Ms Alexia Kwan Yi (spouse to Mr Pang Wei Kuan, James)	S$150,000 to below S$200,000

The Company has an employee share option scheme known as the Pacific Healthcare Employee Share Option Scheme (the "**Scheme**"), approved by members of the Company on 23 August 2005, and had expired on 22 August 2015. No option has been granted under the Scheme by the Company since the commencement of the Scheme. Details of the Scheme can be found in the "Directors' Statement" section of this Annual Report.

III. ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

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

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

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

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

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

Principle 11: Risk Management and Internal Controls

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

The Board had received assurance from the Interim CEO and Assistant Finance Manager that the Group's financial records as at 31 December 2015 have been properly maintained and the financial statements for FY2015 give a true and fair view of the Company's operations and finances and the Company's risk management and internal control systems are effective.

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

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

For the period under review, based on the internal controls established and maintained by the Group, work performed by the external and internal auditors, and regular reviews performed by the management, the various Board committees and the Board, the AC and the Board are of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology controls, and risk management were adequate to provide reasonable assurance of the integrity and effectiveness of the Company in safeguarding its assets and shareholders' value as at 31 December 2015.

Principle 12: Audit Committee

The AC comprises 4 members, a majority of whom, including the AC Chairman, are Independent and Non-Executive Directors. The members of the AC are as follows:

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

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

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

(a) to review with the external auditors the audit plan;

(b) to review the consolidated financial statements and the external auditors' report on those financial statements, before submission to the Board of Directors for approval;

(c) to review the co-operation given by Management to the external auditors;

(d) to consider the appointment and re-appointment of the external auditors;

(e) to review and approve interested person transactions;

(f) to generally undertake such other functions and duties as may be required by statute or the SGX-ST Listing Manual, and by such amendments made thereto from time to time;

(g) to review the adequacy of the Group's internal control, including financial, operational, compliance risk and information technology control;

(h) to review performance the Financial Controller / Chief Financial Controller on an annual basis;

(i) to propose and establish a "Whistle-blowing policy" and review the procedures by which employees of the Group may, in confidence, report to the chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions thereto; and

(j) to approve the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting / auditing firm or corporation to which the internal audit function is outsourced.

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

In line with the terms of reference of the AC, the following activities were carried out by the AC during the year ended 31 December 2015 in the discharge of its functions and duties including the deliberation and review of:

- the unaudited quarterly and full-year financial results of the Group and announcements and audited financial statements of the Group and of the Company prior submission to the Board for approval and release the results to SGX.

- the internal and external audit plans in terms of their scope of audit prior to their commencement of their annual audit.

- the external auditors' report in relation to audit and accounting issues arising from the audit matters from audit of the Group in meeting with the external auditors without presence of the executive board members and management.

- the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls and reported to the Board.

- the adequacy and effectiveness of the Group's internal audit function.

- the external audit fees for FY2015 and recommended to the Board for approval.

- the independence and re-appointment of the external auditors and recommended to the Board for approval.

- Interested person transactions and any potential conflicts of interests.

- the change of internal and external auditors.

- the appointment of Chief Financial Officer and Assistance Finance Manager.

- the whistle-blowing policy of the Group.

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

The aggregate amount of audit fees paid and/or payable to the external auditor for FY2015 amounted to approximately S$158,000. The AC has reviewed the independence of the external auditor including the volume of non-audit services supplied by them and is satisfied with their position as independent external auditor. Accordingly, the AC has recommended the re-appointment of Baker Tilly TFW LLP as external auditor of the Company for financial year ending 31 December 2016 at the forthcoming AGM.

Nevertheless, the external auditor, Baker Tilly TFW LLP did not provide any non-audit services to the Group during the year of 2015.

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

The internal and external auditors have unrestricted access to the AC.

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

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

Whistle-Blowing Policy

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

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

Principle 13: Internal Audit

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

The scope of the internal audit is:

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

The internal auditors ("**IA**") report to the AC on any material weaknesses and risks identified in the course of the audit. These will also be communicated to Management. Management will accordingly update the AC on the status of the remedial action plans. To ensure the adequacy of the internal audit function, the AC reviews the internal audit plan on an annual basis.

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

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

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

For FY2015, the AC has reviewed the effectiveness of the internal audit function and is satisfied that the internal audit function is adequately resourced and has appropriate standing within the Group to fulfil its mandate. The AC will review annually the adequacy and effectiveness of the internal audit function.

IV. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights

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

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

Principle 15: Communications with Shareholders

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

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

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

Information is communicated to shareholders on a timely basis, through annual reports that are prepared and sent to all shareholders with mandatory period. The full year and quarterly financial result announcements, notice of and explanatory memoranda for general meetings, press releases and newly corporate developments are released to the SGX-ST via SGXNet. The Company does not practice selective disclosure as all material price-sensitive information, except for confidential information, is always released through SGXNet to public as soon as possible.

The Directors had not recommended payment of final dividend for FY2015 as the Group has sustained losses in FY2015.

Principle 16: Conduct of Shareholder Meetings

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

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

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

The Company records minutes of all general meetings and substantial and relevant comments from shareholders together with the responses from the Board and Management in regards to the Agenda of the general meetings. These minutes, subsequently approved by the Board, available to shareholders upon request.

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

V. INTERESTED PERSON TRANSACTIONS ("IPT")

The AC is satisfied that the review procedures for IPTs and the reviews to be made periodically by the AC in relation thereto are adequate to ensure that the IPTs will be transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. All IPTs are subject to review by the AC to ensure compliance with the established procedures. In the event that a member of the AC is involved in any IPT, he will abstain from reviewing that particular transaction.

There were no IPTs required for disclosure according to Rule 907 of the SGX-ST Listing Manual in respect of IPT for FY2015. The Group does not have a general mandate from shareholders for recurring IPTs pursuant to Rule 920(1)(a)(i) of the Listing Rules.

VI. DEALINGS IN SECURITIES

In line with Chapter 12, Rule 1207(19) of the Listing Rules on dealing in securities of the Company, the Company has in place a policy prohibiting share dealings by Directors, officers and employees of the Group during the period commencing two weeks and one month before the announcement of the Company's financial statements for the quarter and the financial year, as the case may be, and ending on the date of the announcement of the relevant results. This has been made known to Directors, officers and employees of the Group.

Directors, officers and employees of the Group are also reminded to observe the insider-trading laws at all time even when dealing in the Company's securities within permitted trading periods and should not deal in those securities on short-term considerations.

VII. MATERIAL CONTRACT

Save for the agreements which have been published in the SGX-ST, there were no other material contracts of the Group or its subsidiaries involving the interest of any Director or controlling shareholder which are either still subsisting as at the end of the financial year ended 31 December 2015 or if not then subsisting, entered into since the end of the previous financial year.

VIII. RISK MANAGEMENT

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

IX. CORPORATE SOCIAL RESPONSIBILITY

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

Directors' Statement

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Pacific Healthcare Holdings Ltd. (the "**Company**") and its subsidiaries (collectively, the "**Group**") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2015.

Opinion of the directors

In the opinion of the directors:

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company as set out on pages 40 to 91, are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015, and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act, Cap. 50 (the "**Act**") and Singapore Financial Reporting Standards; and

(ii) at the date of this statement, after considering the matters as disclosed in Note 2(a) to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

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

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 objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures, of the Company or any other body corporate, other than the share options as disclosed in this statement.

Directors' interests in shares and debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act except as follows:

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

	Number of ordinary shares			
	Shareholdings registered in the name of director		Shareholdings in which a director is deemed to have an interest	
Name of director	**At 1.1.2015**	**At 31.12.2015**	**At 1.1.2015**	**At 31.12.2015**
The Company				
Mr Pang Yoke Min	–	–	72,117,379	72,117,379
Mr Goh Kok Liang				
(resigned on 12 May 2015)	125,000	–	–	–
Mr Pang Wei Kuan, James	–	–	–	195,000

The directors' interests in the ordinary shares of the Company as at 21 January 2016 were the same as those as at 31 December 2015.

Share options

The Company has an employee share option scheme known as the Pacific Healthcare Employee Share Option Scheme (the "Scheme") approved and adopted by the Shareholders of the Company at an Extraordinary General Meeting held on 23 August 2005. The Scheme, which forms an integral component of its compensation plan, is designed to reward and retain eligible participants whose services are vital to its wellbeing and success. It provides eligible participants who have contributed to the success and development of the Company with an opportunity to participate and also increases the dedication and loyalty of these participants and motivates them to perform better.

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

During the financial year, no share options have been granted or exercised and no Committee has been appointed to administer the Scheme. The Scheme had expired on 22 August 2015.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

Audit committee ("AC")

The AC comprises four members who are Non-Executive Directors, and a majority of whom, including the AC Chairman are independent. The members of the AC at the date of this statement are as follows:

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

Directors' Statement

Audit committee ("AC") (cont'd)

The AC performs the functions specified in Section 201B of the Act and the Singapore Code of Corporate Governance, including the following:

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

- Reviewed the financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditors' report on those financial statements

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

- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators

- Reviewed the cost effectiveness and the independence and objectivity of the external auditor

- Reviewed the nature and extent of non-audit services provided by the external auditor

- Recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit

- Reported actions and minutes of the AC to the Board of Directors with such recommendations as the AC considered appropriate

- Reviewed interested person transactions in accordance with the requirements of the Listing Manual of the Singapore Exchange Securities Trading Limited

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor.

The AC has full access to and co-operation of management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the AC.

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

The AC is satisfied with the independence and objectivity of the external auditor and has nominated Baker Tilly TFW LLP for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

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

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Mr Lew Oon Yew Director	Mr Pang Yoke Min Director

7 April 2016

Independent Auditor's Report

For the financial year ended 31 December 2015
To the Members of Pacific Healthcare Holdings Ltd.

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Pacific Healthcare Holdings Ltd. (the "Company") and its subsidiaries (the "Group") as set out on pages 9 to 63, which comprise the balance sheets of the Group and the Company as at 31 December 2015 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Basis for Disclaimer of Opinion

1. Going concern assumptions

   As disclosed in the Note 2(a) to the financial statements, the Group incurred a loss of $1,941,000 for the financial year ended 31 December 2015 and, as of that date, the Group and the Company were in net current liability position of $6,534,000 and $11,762,000 respectively, and in net liability position of $2,115,000 and $8,804,000 respectively. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group and the Company's ability to continue as going concerns.

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

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

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

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

Report on the Financial Statements (cont'd)

Basis for Disclaimer of Opinion (cont'd)

1. Going concern assumptions (cont'd)

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

2. Investment in subsidiary

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

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

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

3. Share of results of associates

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

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

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

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

Report on the Financial Statements (cont'd)

Disclaimer of Opinion

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

Other Matter

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

Report on Other Legal and Regulatory Requirements

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

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

7 April 2016

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2015

	Note	Group 2015 $'000	Group 2014 $'000
Revenue	3	**45,738**	52,908
Other items of income			
Interest income		**192**	117
Other income and gains	4	**5,119**	5,319
Less: expenses			
Finance costs	5	**(6)**	(33)
Changes in inventories of consumables and medical supplies		**(230)**	(4)
Purchases of consumables and medical suppliers		**(7,791)**	(9,456)
Employee benefits expenses	6	**(27,969)**	(32,710)
Depreciation expense		**(1,428)**	(3,289)
Rental expenses		**(8,266)**	(8,726)
Other expenses	7	**(7,380)**	(8,865)
Share of results of associates		**316**	1,058
Loss before tax		**(1,705)**	(3,681)
Tax expense	8	**(236)**	(99)
Loss for the year		**(1,941)**	(3,780)
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Net loss on fair value changes of available-for-sale financial assets		**–**	(5)
Reclassification of translation differences on disposal of a subsidiary		**–**	506
Currency translation differences arising on consolidation		**66**	30
Other comprehensive income for the year, net of tax		**66**	531
Total comprehensive loss for the financial year		**(1,875)**	(3,249)
(Loss)/Profit attributable to:			
Equity holders of the Company		**(2,356)**	(2,543)
Non-controlling interests		**415**	(1,237)
Loss for the year		**(1,941)**	(3,780)
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		**(2,396)**	(2,032)
Non-controlling interests		**521**	(1,217)
Total comprehensive loss for the financial year		**(1,875)**	(3,249)
Loss per share (EPS) for loss attributable to equity holders of the Company *(cents per share)*			
- Basic	9	**(0.41)**	(0.44)
- Diluted	9	**(0.41)**	(0.44)

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

Balance Sheets

As at 31 December 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Non-current assets					
Property, plant and equipment	10	**3,657**	4,266	**278**	1,698
Investments in subsidiaries	11	**–**	–	**2,206**	3,936
Investments in associates	12	**1,310**	1,531	**474**	659
Other investment	13	**–**	–	**–**	–
Other assets	14	**71**	1,163	**–**	–
		5,038	6,960	**2,958**	6,293
Current assets					
Inventories	15	**1,177**	1,245	**–**	–
Trade and other receivables	16	**6,760**	6,703	**1,738**	10,341
Other assets	14	**433**	679	**73**	200
Cash and bank balances	17	**2,610**	2,737	**33**	120
		10,980	11,364	**1,844**	10,661
Assets of disposal group classified as held for sale	18	**–**	3,566	**–**	–
Total current assets		**10,980**	14,930	**1,844**	10,661
Total assets		**16,018**	21,890	**4,802**	16,954
Non-current liabilities					
Provision	19	**–**	870	**–**	317
Deferred tax liabilities	20	**29**	29	**–**	–
Borrowing	21	**590**	–	**–**	–
		619	899	**–**	317
Current liabilities					
Trade and other payables	22	**13,386**	12,486	**12,603**	14,013
Other liabilities	23	**2,848**	3,197	**686**	434
Income tax payables		**252**	254	**–**	–
Provision	19	**893**	411	**317**	405
Borrowing	21	**135**	–	**–**	–
		17,514	16,348	**13,606**	14,852
Liabilities directly associated with disposal group classified as held for sale	18	**–**	4,133	**–**	–
Total current liabilities		**17,514**	20,481	**13,606**	14,852
Total liabilities		**18,133**	21,380	**13,606**	15,169
Net (liabilities)/assets		**(2,115)**	510	**(8,804)**	1,785
Equity					
Share capital	24	**62,615**	62,615	**62,615**	62,615
Accumulated losses		**(62,612)**	(60,254)	**(71,419)**	(60,830)
Other reserves	25	**(573)**	(533)	**–**	–
Equity attributable to equity holders of the Company		**(570)**	1,828	**(8,804)**	1,785
Non-controlling interests		**(1,545)**	(1,318)	**–**	–
Total equity		**(2,115)**	510	**(8,804)**	1,785

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

Statement of Changes in Equity

For the financial year ended 31 December 2015

Group	Equity, total	Equity attributable to equity holders of the Company, total	Share capital	Accumulated losses	Other reserves, total	Foreign currency translation reserve	Reserve of disposal group classified as held for sale	Premium paid on acquisition of non-controlling interests	Non-controlling interests
		Attributable to equity holders of the Company							
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2015	510	1,828	62,615	(60,254)	(533)	(205)	(281)	(47)	(1,318)
(Loss)/profit for the year	(1,941)	(2,356)	–	(2,356)	–	–	–	–	415
Other comprehensive income/(loss):									
Currency translation differences arising on consolidation	66	(40)	–	–	(40)	(40)	–	–	106
Other comprehensive income/(loss) for the year	66	(40)	–	–	(40)	(40)	–	–	106
Total comprehensive (loss)/income for the year	(1,875)	(2,396)	–	(2,356)	(40)	(40)	–	–	521
Reserve attributable to disposal group classified as held for sale	–	–	–	–	–	(281)	281	–	–
Contribution by and distributions to owners									
Dividend paid to non-controlling interests	(765)	–	–	–	–	–	–	–	(765)
Change in ownership interest in subsidiary that do not result in loss in control									
Shares issued to non-controlling interests	15	(2)	–	(2)	–	–	–	–	17
Balance at 31 December 2015	(2,115)	(570)	62,615	(62,612)	(573)	(526)	–	(47)	(1,545)

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

Statement of Changes in Equity

For the financial year ended 31 December 2015

		Attributable to equity holders of the Company								
Group	Equity, total $'000	Equity attributable to equity holders of the Company, total $'000	Share capital $'000	Accumulated losses $'000	Other reserves, total $'000	Fair value adjustment reserve $'000	Foreign currency translation reserve $'000	Reserve of disposal group classified as held for sale $'000	Premium paid on acquisition of non-controlling interests $'000	Non-controlling interests $'000
Balance at 1 January 2014	466	3,822	62,615	(57,749)	(1,044)	5	(1,002)	–	(47)	(3,356)
Loss for the year	(3,780)	(2,543)	–	(2,543)	–	–	–	–	–	(1,237)
Other comprehensive income/(loss):										
Net loss on fair value changes of available-for-sale financial assets	(5)	(5)	–	–	(5)	(5)	–	–	–	–
Currency translation differences arising on consolidation	30	10	–	–	10	–	10	–	–	20
Reclassification of translation loss on disposal of a subsidiary	506	506	–	–	506	–	506	–	–	–
Other comprehensive income/ (loss) for the year	531	511	–	–	511	(5)	516	–	–	20
Total comprehensive (loss)/ income for the year	(3,249)	(2,032)	–	(2,543)	511	(5)	516	–	–	(1,217)
Reserve attributable to disposal group classified as held for sale	–	–	–	–	–	–	281	(281)	–	–
Contribution by and distributions to owners										
Unclaimed dividend written back	38	38	–	38	–	–	–	–	–	–
Changes in ownership interests in subsidiaries										
Acquisition of a subsidiary	1,584	–	–	–	–	–	–	–	–	1,584
Disposal of a subsidiary	1,671	–	–	–	–	–	–	–	–	1,671
Total changes in ownership interests	3,255	–	–	–	–	–	–	–	–	3,255
Balance at 31 December 2014	510	1,828	62,615	(60,254)	(533)	–	(205)	(281)	(47)	(1,318)

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

Statement of Changes in Equity

For the financial year ended 31 December 2015

Company	Share capital $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 January 2014	62,615	(58,112)	4,503
Loss and total comprehensive loss for the year	–	(2,756)	(2,756)
Unclaimed dividend written back	–	38	38
Balance at 31 December 2014	62,615	(60,830)	1,785
Loss and total comprehensive loss for the year	–	(10,589)	(10,589)
Balance at 31 December 2015	**62,615**	**(71,419)**	**(8,804)**

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

Consolidated Cash Flow Statement

For the financial year ended 31 December 2015

	Group	
	2015	2014
	$'000	$'000
Cash flows from operating activities		
Loss before tax	**(1,705)**	(3,681)
Adjustments for:		
Allowance for impairment of doubtful receivables		
- Trade receivables	**401**	449
- Other receivables	**1**	31
Deposit written off	**371**	–
Depreciation expense	**1,428**	3,289
Dividend income from other investment	**–**	(105)
Forfeiture of deposit received for the proposed disposal of subsidiaries	**(1,829)**	–
Gain on disposal of a subsidiary	**–**	(1,762)
Gain on disposal of associates	**(25)**	–
Gain on disposal of property, plant and equipment	**(1,973)**	(1)
Gain on liquidation of an associate	**–**	(412)
Gain on negative goodwill	**–**	(9)
Gain on re-measurement of investment in associate to fair value upon business combination achieved in steps	**–**	(389)
Impairment loss on other investment	**–**	55
Impairment loss on property, plant and equipment	**–**	1,713
Interest expense	**6**	33
Interest income	**(192)**	(117)
Loss/(Gain) on change of interest in associates	**21**	(91)
Share of results of associates	**(316)**	(1,058)
Unrealised exchange loss/(gain), net	**67**	(47)
Write-back of allowance for impairment of doubtful receivables		
- Trade receivables	**(241)**	–
- Associates	**(168)**	–
- Doctors/former doctors	**(4)**	–
- Other receivables	**(3)**	–
Write-back of provision for restoration cost	**(248)**	–
Write-off of payables	**(27)**	(2,101)
Write-off of property, plant and equipment	**1,077**	11
Write-off of trade receivables	**110**	94
Operating cash flows before working capital changes	**(3,249)**	(4,098)
Inventories	**288**	127
Payables	**(2,125)**	(1,913)
Receivables	**2,424**	2,670
Cash generated from operations	**(2,662)**	(3,214)
Interest paid	**(6)**	(33)
Interest received	**–**	117
Income tax (paid)/refunded	**(238)**	69
Net cash used in operating activities	**(2,906)**	(3,061)

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

Consolidated Cash Flow Statement

For the financial year ended 31 December 2015

	Note	Group 2015 $'000	Group 2014 $'000
Cash flows from investing activities			
Acquisition of a subsidiary, net of cash acquired		**–**	1,044
Acquisition of an associate		**–**	(844)
Deposits received on proposed disposals of subsidiaries (Note A)		**700**	1,829
Dividend income from associates		**331**	565
Dividend received from other investment		**–**	105
Net proceeds from disposal of a subsidiary		**–**	349
Payment for purchase of investments		**(360)**	–
Proceeds from disposal of associates		**25**	–
Proceeds from change of interest in an associate		**185**	–
Proceeds from disposal of property, plant and equipment		**2,010**	23
Purchase of property, plant and equipment		**(512)**	(357)
Net cash generated from investing activities		**2,379**	2,714
Cash flows from financing activities			
Capital contribution from non-controlling interest		**15**	–
Dividend paid to non-controlling interest		**(765)**	–
Net repayment of finance lease liabilities		**(73)**	(170)
Proceed from borrowing		**750**	–
Repayment of borrowing		**(25)**	(435)
Unclaimed dividend written back		**–**	38
Net cash used in financing activities		**(98)**	(567)
Net decrease in cash and cash equivalents		**(625)**	(914)
Cash and cash equivalents at beginning of the financial year		**3,235**	4,149
Cash and cash equivalents at end of the financial year	17	**2,610**	3,235

Note A:

The comparative figure in respect of cash flow arising from deposits received on proposed disposals of subsidiaries has been reclassified from "Payables" line item included in the cash flows from operating activities to investing activities to better reflect the nature of this cash flow item.

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

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Corporate information

Pacific Healthcare Holdings Ltd. (Co. Reg. No. 200100544H) (the "Company") is incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX–ST").

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

The principal activity of the Company is investment holding and to carry on the business of healthcare management. The principal activities of the subsidiaries are disclosed in Note 11.

2. Summary of significant accounting policies

(a) Going concern assumptions

The Group incurred a loss of $1,941,000 (2014: $3,780,000) for the year ended 31 December 2015 and, as of that date, the Group and the Company were in a net current liability position of $6,534,000 (2014: $5,551,000) and $11,762,000 (2014: $4,191,000) respectively, and in a net liability position of $2,115,000 and $8,804,000 respectively. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group and the Company's ability to continue as going concerns.

The directors of the Company believe that the going concern basis of preparation of financial statements is appropriate, having considered that the Company's major shareholders have agreed to provide short–term shareholders' loan of $3 million after the balance sheet date (Note 32(a)). In addition, the Group is implementing new business strategies, including restructuring the Group's existing business to improve the existing earning base of the Group.

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

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

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

(b) Basis of preparation

The financial statements are presented in Singapore dollar ("$"), which is the Company's functional currency and all financial information presented in Singapore dollar are rounded to the nearest thousand ("$'000") except when otherwise indicated. The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

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

(b) Basis of preparation (cont'd)

The preparation of financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgment in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in note 2(z).

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables approximate their respective fair values due to the relatively short–term maturity of these financial instruments.

In the current financial year, the Group has adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the current financial year. The adoption of these new/revised FRS and INT FRS did not have any material effect on the financial results or position of the Group and the Company.

New and revised standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 31 December 2015 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company, except as disclosed below.

FRS 115 Revenue from Contracts with Customers

FRS 115 replaces FRS 18 'Revenue', FRS 11 'Construction contracts' and other revenue–related interpretations. It applies to all contracts with customers, except for leases, financial instruments, insurance contracts and certain guarantee contracts and non–monetary exchange contracts. FRS 115 provides a single, principle–based model to be applied to all contracts with customers. It provides guidance on whether revenue should be recognised at a point in time or over time, replacing the previous distinction between goods and services. The standard introduces new guidance on specific circumstances where cost should be capitalised and new requirements for disclosure of revenue in the financial statements. The standard is effective for annual periods beginning on or after 1 January 2018. The Group will reassess its contracts with customers in accordance with FRS 115.

FRS 109 Financial Instruments

FRS 109 includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. FRS 109, when effective, will replace FRS 39 Financial Instruments: Recognition and Measurement. This standard is effective for annual periods beginning on or after 1 January 2018. The Group will reassess the potential impact of FRS 109 and plans to adopt the standard on the required effective date.

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

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control cease.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre–existing equity interest in the subsidiary. Acquisition–related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any 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 fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2 (f). In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain on bargain purchase in profit or loss on the date of acquisition.

Non–controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non–controlling interests based on their respective interests in a subsidiary, even if the subsidiary incurred losses and the losses allocated exceed the non–controlling interests in the subsidiary's equity.

For non–controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition–by–acquisition basis whether to measure them at fair value, or at the non–controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non–controlling interests are measured at acquisition–date fair value or, when applicable, on the basis specified in another standard.

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

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amount 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 attributable to owners of the Company.

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

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

(d) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

(e) Associates

An associate is an entity over which the Group has significant influence but not control or joint control, over the financial and operating policies of the entity. Significant influence is presumed to exist generally when the Group holds 20% or more but not exceeding 50% of the voting power of another entity.

Investment in associate is accounted for in the consolidated financial statements using the equity method of accounting, less impairment losses, if any.

Investment in associate is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Subsequent to initial recognition, the Group's share of its associate's post–acquisition profits or losses is recognised in the profit or loss and its share of post–acquisition other comprehensive income is recognised in other comprehensive income. These post–acquisition movements and distributions received from associates are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured non–current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the Group's profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

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

In the Company's financial statements, investment in associate is carried at cost less accumulated impairment loss. On disposal of investment in associate, the difference between the disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

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

(f) Goodwill

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash–generating units expected to benefit from the synergies of the combination. Cash–generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash–generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro–rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary and associate, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(g) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the entity, and the amount of revenue and related cost can be reliably measured.

Sale of goods

Revenue from sale of goods is recognised when a group entity has delivered the goods to the customer and significant risks and rewards of ownership of the goods have been passed to the customer.

Rendering of services

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

Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

Dividend income

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

Rental income

Rental income from operating leases are recognised on a straight–line basis over the lease terms.

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

(h) Employee benefits

Defined contribution plans

Defined contribution plans are post–employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund in Singapore, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

Employee leave entitlement

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

(i) Foreign currency

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year–end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign entities and borrowings and other currency instruments qualifying as net investment hedges for foreign operations which are included in the foreign currency translation reserve within equity in the consolidated financial statements.

Non–monetary items measured at fair values in foreign currencies are translated using the exchange rate at the date when the fair values are determined.

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

(i) Foreign currency (cont'd)

(iii) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities are translated at the closing rates at the date of the balance sheet;

(b) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(c) All resulting exchange differences are taken to the foreign currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

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

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

(j) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable or recoverable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable or recoverable in respect of previous years.

Deferred income tax is provided using the liability method, on all temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of transaction, affects neither the accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the balance sheet date.

Deferred tax are charged or credited to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

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

(k) Property, plant and equipment

Property, plant and equipment are initially stated at cost and subsequent carried at cost less accumulated depreciation and any impairment in value.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Depreciation of other property, plant and equipment is calculated on a straight–line basis to write off the cost of the property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

Leasehold improvements	–	10 years
Equipment	–	3 to 10 years

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

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

(l) Impairment of non–financial assets

At each balance sheet date, the Group reviews the carrying amount of its non–financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash–generating unit to which the asset belongs.

Recoverable amount is higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash–generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash–generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash–generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash–generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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

(m) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

(n) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, bank overdrafts that form an integral part of the Group's cash management, and other short–term high liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(o) Financial assets

(i) Classification

The Group classifies its financial assets according to the nature of the assets in the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The Group's financial assets are loans and receivables and available–for–sale financial assets.

Loans and receivables

Loans and receivables are non–derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the balance sheet date which are classified as non–current assets. Loans and receivables are classified within investment, trade and other receivables (excluding prepayments), amounts due from subsidiaries and cash and bank balances on the balance sheets.

Available–for–sale financial assets

Available–for–sale financial assets include equity securities. Investments in equity securities classified as available–for–sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. They are included in non–current assets unless management intends to dispose of the assets within 12 months after the balance sheet date.

(ii) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade–date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is also transferred to profit or loss.

(iii) Initial measurement

Loans and receivables and available–for–sale financial assets are initially recognised at fair value plus transaction costs.

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

(o) Financial assets (cont'd)

(iv) Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method, less impairment.

Available–for–sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de–recognised. Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

(v) Impairment

Loans and receivables

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the assets become uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

Available–for–sale financial assets

Impairment loss for available–for–sale financial assets carried at cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of impairment loss is recognised in profit or loss and such losses are not reversed in subsequent periods.

(p) Financial liabilities

Financial liabilities include trade and other payables and borrowings. Financial liabilities are recognised on the balance sheets when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

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

(q) Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings for its subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs. Financial guarantees are classified as financial liabilities.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. Financial guarantee contracts are amortised to profit or loss over the period of the subsidiaries' borrowings.

(r) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the balance sheet date. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre–tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

(s) Borrowing costs

` Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, 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 recognised in the profit or loss using the effective interest method.

(t) Share capital

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.

(u) Government grants

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

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

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

(v) Leases

When a Group entity is the lessee:

(i) Finance leases

Leases of property, plant and equipment where the group entity assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between reduction of the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in finance lease liabilities. The interest element of the finance cost is taken to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(ii) Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight–line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

When a Group entity is the lessor:

(i) Operating leases

Leases where the group entity retains substantively all the risks and rewards of ownership of the asset are classified as operating leases. Rental income (net of any incentives given to lessees) is recognised on a straight–line basis over the lease term.

(w) Sign–on bonuses

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

Sign–on bonuses are amortised over the contractual service periods with the doctors, which range from 10 years to 20 years.

(x) Non–current assets held for sale

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

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

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

(y) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

(z) Significant accounting estimates and judgments

In the process of applying the Group's accounting policies, management has made the following judgments and estimations which has the most significant effect on the amounts recognised in the financial statements.

Estimates, assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on–going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following presents the critical accounting estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Useful lives of property, plant and equipment

The Group reviews the useful lives of property, plant and equipment at each reporting date in accordance with the accounting policy in Note 2(k). The estimation of the useful lives involves assumptions concerning the future and estimations of the assets common life expectancies and expected level of usage. The net carrying amounts of property, plant and equipment as at 31 December 2015 and the annual depreciation for the financial year ended 31 December 2015 are disclosed in Note 10.

In addition, management estimates the useful lives of leasehold improvements to be 10 years. The terms of the leases for the Group's premises may however be less than 10 years. Management has assumed the Group will be able to renew the terms of its leases on their expiry and hence the estimated useful lives for leasehold improvements of 10 years is appropriate. In the event the Group is not able to renew the terms of its various leases and the Group vacates the relevant premises, the carrying value of leasehold improvements related to the vacated premises would have to be fully impaired. In the event that the leases expiring in the next 12 months are not renewed, the depreciation charge for the next financial year would increase by $742,000 (2014: $1,633,000).

Any changes in the expected useful lives of these assets would affect the net carrying amount of property, plant and equipment, and the depreciation charge for the financial year.

(ii) Impairment of non–financial assets

The Group assesses whether there are any indicators of impairment for all non–financial assets at each balance sheet date. Non–financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

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

At 31 December 2015, the carrying amounts of property, plant and equipment and investments in subsidiaries and associates are disclosed in Notes 10, 11 and 12 respectively.

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

(z) Significant accounting estimates and judgments (cont'd)

(iii) Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's trade and other receivables at the end of the reporting period are disclosed in Note 16. If the present value of estimated future cash flows differ from management's estimates, the Group's allowance for impairment and the loans and receivables balance at the end of the reporting period will be affected accordingly.

(iv) Sign–on bonuses

The Group enters into service agreements with certain of its doctors. These service agreements include sign–on bonuses that are paid to the doctors concerned. An assessment is made at each reporting period whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts are determined for each relevant doctor based on calculations of future probability of the doctor concerned. These calculations require the use of estimates. Any changes in these estimates would affect the net carrying amount of the sign–on bonuses. As disclosed in Note 14, the carrying value of sign–on bonuses is $264,000 (2014: $1,432,000) as at the end of reporting period.

3. Revenue

	Group	
	2015	**2014**
	$'000	**$'000**
Rendering of services	**35,365**	39,248
Sales of goods	**10,078**	13,054
Management fee income	**101**	246
Rental income	**194**	360
	45,738	52,908

4. Other income

	Group	
	2015	**2014**
	$'000	**$'000**
Dividend income from other investment	**–**	105
Foreign exchange gain	**28**	–
Forfeiture of deposits received for the proposed disposals of subsidiaries	**1,829**	–
Gain on change of interest in associates	**–**	91
Gain on disposal of a subsidiary	**–**	1,762
Gain on disposal of associates (Note 12)	**25**	–
Gain on disposal of property, plant and equipment	**1,973**	1
Gain on liquidation of an associate	**–**	412
Gain on negative goodwill	**–**	9
Gain on re–measurement of investment in associate to fair value upon business combination achieved in steps	**–**	389
Government grants	**354**	264
Other income	**219**	185
Write–back of allowance for impairment of receivables (Note 29)		
– Trade receivables	**241**	–
– Associates	**168**	–
– Doctors/former doctors	**4**	–
– Other receivables	**3**	–
Write–back of provision for restoration cost (Note 19)	**248**	–
Write–off of payables	**27**	2,101
	5,119	5,319

5. Finance costs

	Group	
	2015	**2014**
	$'000	**$'000**
Interest expense on finance leases	**2**	26
Interest expense on bank loans	**4**	7
	6	33

6. Staff costs

	Group	
	2015	**2014**
	$'000	**$'000**
Salaries and bonuses	**26,139**	31,152
Contributions to defined contribution plans	**1,394**	1,336
Other benefits	**436**	222
	27,969	32,710

7. Other expenses

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

	Group	
	2015	**2014**
	$'000	**$'000**
Advertising and marketing expenses	**641**	988
Allowance for impairment of doubtful receivables		
– Trade receivables	**401**	449
– Other receivables	**1**	31
Audit fees		
– Auditor of the Company	**151**	346
– Other auditors	**37**	39
Credit cards commission	**591**	690
Deposits written off	**371**	–
Foreign exchange transaction losses	**–**	10
Impairment loss on other investments	**–**	55
Impairment loss on property, plant and equipment	**–**	1,713
Loss on change of interest in an associate (Note 12)	**21**	–
Non–audit fees		
– Auditor of the Company	**–**	–
– Other auditors	**–**	15
Professional fees	**279**	359
Write-off of property, plant and equipment	**1,077**	11
Write-off of trade receivables	**110**	94

8. Tax expense

Major components of income tax expense for the financial years ended 31 December 2015 and 2014 are:

	Group	
	2015	**2014**
	$'000	**$'000**
Current year:		
Current income tax	**251**	151
Over provision in prior years:		
Current income tax	**(15)**	–
Deferred income tax	**–**	(52)
	(15)	(52)
Income tax expense	**236**	99

The income tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax to loss before tax due to the following factors:

	Group	
	2015	**2014**
	$'000	**$'000**
Loss before tax	**(1,705)**	(3,681)
Tax calculated at statutory rate of 17%	**(290)**	(883)
Income not subject to tax	**(380)**	(904)
Expenses not deductible for income tax purposes	**370**	690
Share of results of associates	**(54)**	(180)
Tax rebates and exemptions	**(61)**	(157)
Over provision in prior years	**(15)**	(52)
Deferred tax assets not recognised	**607**	1,582
Others	**59**	3
	236	99

8. Tax expense (cont'd)

The potential deferred tax assets on the following deductible temporary differences have not been recognised in the financial statements at the end of the reporting period:

	Group	
	2015 $'000	2014 $'000
Unabsorbed tax losses	**37,268**	33,219
Unabsorbed capital allowances	**4,556**	1,704
Accelerated accounting depreciation	**7,193**	10,509
	49,017	45,432

The unutilised tax losses and unabsorbed capital allowances are available for carry forward to offset against future taxable income, subject to the compliance with the tax regulations of the respective countries in which the Group companies are incorporated and the approval by the relevant tax authorities. The potential deferred tax assets have not been recognised in the financial statements as it is not probable that the future taxable income in these companies will be available and sufficient to allow these deductible temporary differences to be realised in the foreseeable future.

9. Earnings per share (EPS)

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company are based on the following:

	Group	
	2015	2014
Earnings		
Loss attributable to equity holders of the Company ($'000)	**(2,356)**	(2,543)
Number of shares ('000)		
Weighted average number of ordinary shares in issue	**573,743**	573,743

Basic and diluted earnings per share are calculated by dividing the Group's net loss attributable to shareholders of the Company by the number of fully–paid ordinary shares in issue during the financial year. The diluted earnings per share is the same as the basic earnings per share as there is no dilutive share outstanding during the relevant period.

10. Property, plant and equipment

Group	Leasehold improvements $'000	Equipment $'000	Total $'000
Cost:			
At 1 January 2014	17,117	22,052	39,169
Exchange differences	(112)	(111)	(223)
Additions	228	183	411
Acquisition of a subsidiary	16	142	158
Disposals/write–offs	(12)	(378)	(390)
Disposal of a subsidiary	(3,241)	(3,284)	(6,525)
Attributable to assets/liabilities held for sale (Note 18)	(3,405)	(10,845)	(14,250)
At 31 December 2014	10,591	7,759	18,350
Reclassified from disposal group held for sale (Note 18)	3,405	10,845	14,250
Exchange differences	(42)	(51)	(93)
Additions	–	512	512
Disposals/write–offs	(4,735)	(6,266)	(11,001)
At 31 December 2015	9,219	12,799	22,018
Accumulated depreciation:			
At 1 January 2014	11,284	16,005	27,289
Exchange differences	(96)	(172)	(268)
Depreciation charge for the year	1,305	1,984	3,289
Disposals/write–offs	(2)	(353)	(355)
Disposal of a subsidiary	(2,176)	(3,638)	(5,814)
Attributable to assets/liabilities held for sale (Note 18)	(2,149)	(8,453)	(10,602)
At 31 December 2014	8,166	5,373	13,539
Reclassified from disposal group held for sale (Note 18)	2,149	8,453	10,602
Exchange differences	(19)	(36)	(55)
Depreciation charge for the year	697	731	1,428
Disposals/write–offs	(3,040)	(5,050)	(8,090)
At 31 December 2015	7,953	9,471	17,424
Accumulated impairment losses:			
At 1 January 2014	–	579	579
Exchange differences	(9)	(6)	(15)
Impairment loss	837	876	1,713
Attributable to assets/liabilities held for sale (Note 18)	(743)	(989)	(1,732)
At 31 December 2014	85	460	545
Reclassified from disposal group held for sale (Note 18)	743	989	1,732
Exchange differences	(23)	(14)	(37)
Disposals	–	(90)	(90)
Write–off against allowance	(632)	(581)	(1,213)
At 31 December 2015	173	764	937
Net carrying amount:			
At 31 December 2014	2,340	1,926	4,266
At 31 December 2015	**1,093**	**2,564**	**3,657**

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

Company	Leasehold improvements $'000	Equipment $'000	Total $'000
Cost:			
At 1 January 2014	5,421	2,019	7,440
Additions	77	23	100
Disposals	(12)	(19)	(31)
At 31 December 2014	5,486	2,023	7,509
Additions	–	1	1
Disposals/write–offs	(3,076)	(14)	(3,090)
At 31 December 2015	2,410	2,010	4,420
Accumulated depreciation:			
At 1 January 2014	3,333	1,753	5,086
Depreciation charge	536	74	610
Disposals	(2)	(18)	(20)
At 31 December 2014	3,867	1,809	5,676
Depreciation charge	471	39	510
Disposals/write–offs	(2,165)	(14)	(2,179)
At 31 December 2015	2,173	1,834	4,007
Accumulated impairment:			
At 1 January 2014	–	–	–
Impairment loss for the year	–	135	135
At 31 December 2014 and 31 December 2015	–	135	135
Net carrying amount:			
At 31 December 2014	1,619	79	1,698
At 31 December 2015	**237**	**41**	**278**

11. Investments in subsidiaries

	Company	
	2015 $'000	**2014 $'000**
Unquoted equity shares, at cost	**11,818**	11,818
Less: Allowance for impairment losses	**(9,612)**	(7,882)
Quasi–equity loans	**2,194**	2,194
Less: Allowance for impairment losses	**(2,194)**	(2,194)
	2,206	3,936

11. Investments in subsidiaries (cont'd)

	Company 2015 $'000	Company 2014 $'000
Movements in the impairment losses are as follows:		
Balance at beginning of the financial year	**10,284**	16,954
Impairment loss charged to profit or loss	**1,730**	251
Write–off against allowance	**–**	(6,949)
Balance at end of the financial year	**12,014**	10,256

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

During the financial year, management performed an impairment test for the investment in subsidiaries which have been persistently making losses. An impairment loss of $1,730,000 (2014: $251,000) was recognised for the year ended 31 December 2015 to fully write down these costs of investments in subsidiaries.

(a) Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Porportion of ownership interest 2015 %	Porportion of ownership interest 2014 %
Held by the Company				
Pacific Surgical and Endoscopy Centre Pte. Ltd. [(1)]	Singapore	Provision of day surgical facilities	**100**	100
Pacific Cancer Centre Pte. Ltd. [(1)]	Singapore	Provision of psychiatric services and management of hospital	**100**	100
Atria Pan Dental Group Pte. Ltd. [(1)]	Singapore	Practice of dental surgery and operation of dental clinics	**100**	100
Pacific Healthcare Specialist Services Pte. Ltd. [(1)]	Singapore	Provision of specialised healthcare including ophthalmology, dermatology and general surgery services	**100**	100
MD Specialist Healthcare Pte. Ltd. [(1)]	Singapore	Provision of specialized medical services including day surgical centres and dental services	**100**	100
Pacific Specialist Services Pte. Ltd. [(1)(4)]	Singapore	Provision of specialist services including obstetrics and gynaecology services	**100**	100
Pacific Healthcare (India) Pte. Ltd. [(1)]	Singapore	Investment holding	**70**	70

11. Investments in subsidiaries (cont'd)

(a) Details of the subsidiaries are as follows (cont'd):

Name	Country of incorporation	Principal activities	Porportion of ownership interest 2015 %	2014 %
Pacific Healthcare (Indonesia) Pte. Ltd. (1)	Singapore	Provision of dental training	**100**	100
PacHealth Medical Services Pte Ltd	India	Provision of cosmetic surgery & dentistry services (dormant)	**92.5**	92.5
Asia Lifeline Medical Services Pte Ltd (1)	Singapore	Provision of medical assistance services	**100**	100
The Wellness Lounge Pte. Ltd. (1) (3)	Singapore	Provision of services and products related to wellness and beauty	**100**	100
Customized Health Solutions Pte. Ltd. (1) (2)	Singapore	Compounding of pharmaceutical & biological products	**100**	100
Pacific Healthcare Nursing Home Pte. Ltd. ("PHNH") (1)	Singapore	Provision of medical services and the operation of medical centers and nursing home	**51**	51.25
Held through Pacific Healthcare Specialist Services Pte. Ltd.:				
Robertson Choo Oehlers Lee & Lye Pte. Ltd. (1)	Singapore	Practice of dental surgery and operation of dental clinics	**100**	100
Held through Pacific Healthcare Indonesia Pte. Ltd.:				
PT Pacific Healthcare Services Indonesia (2)	Indonesia	Provision of specialist medical and dental services (dormant)	**51**	51

(1) Audited by Baker Tilly TFW LLP, Singapore.
(2) Ceased operation in May 2015.
(3) Ceased operation in September 2015.
(4) Ceased operation in November 2015.

On 14 February 2015, the Company waived its pre–emption rights to allow Entrust Healthcare Pte. Ltd. to subscribe 15,000 shares in Pacific Healthcare Nursing Home Pte. Ltd. ("PHNH") at a total cash consideration of $15,000. As a result, the shareholding of the Company in PHNH decreased from 51.25% to 51%. The difference between the consideration and the carrying value of interest transferred to non-controlling interests amounting to $2,000 (2014 : Nil) has been recognised within equity.

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

11. Investments in subsidiaries (cont'd)

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

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

Name	Principal place of business by non–controlling	Proportion of ownership interest held the reporting period	(Loss)/profit allocated to NCI during reporting period $'000	Accumulated NCI at the end of the reporting period $'000	Dividends paid to NCI $'000
2015					
PT Pacific Healthcare Services Indonesia	Indonesia	49%	(248)	(3,662)	–
Pacific Healthcare Nursing Home Pte. Ltd.	Singapore	49%	662	1,931	765
2014					
PT Pacific Healthcare Services Indonesia	Indonesia	49%	(1,665)	(3,522)	–
Pacific Healthcare Nursing Home Pte. Ltd.	Singapore	48.75%	432	2,016	–

(c) Summarised financial information about subsidiaries with material NCI

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

Summarised balance sheets

	PT Pacific Healthcare Services Indonesia		Pacific Healthcare Nursing Home Pte. Ltd.	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Current				
– Assets	**262**	366	**6,788**	6,400
– Liabilities	**(7,647)**	(7,461)	**(2,560)**	(2,421)
Net current (liabilities)/assets	**(7,385)**	(7,095)	**4,228**	3,979
Non–current				
– Assets	**–**	–	**319**	174
– Liabilities	**(90)**	(93)	**(607)**	(17)
Net non–current (liabilities)/assets	**(90)**	(93)	**(288)**	157
Net (liabilities)/assets	**(7,475)**	(7,188)	**3,940**	4,136

11. Investments in subsidiaries (cont'd)

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

Summarised statement of comprehensive income

	PT Pacific Healthcare Services Indonesia		Pacific Healthcare Nursing Home Pte. Ltd.	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Revenue	**–**	532	**6,245**	2,492
(Loss)/profit before income tax	**(506)**	(3,404)	**1,588**	1,036
Income tax expense	**–**	–	**(236)**	(150)
(Loss)/profit after tax	**(506)**	(3,404)	**1,352**	886
Other summarised information				
Net cash in/(out)flows from operations	**75**	(1,447)	**781**	(183)
Acquisition of significant property, plant and equipment	**–**	–	**(221)**	(11)

12. Investments in associates

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Unquoted equity shares, at cost	**1,206**	1,478	**1,135**	1,362
Share of post–acquisition reserves	**765**	756	**–**	–
Less: Accumulated impairment losses				
At 1 January	**(703)**	(703)	**(703)**	(703)
Write–off against allowance	**42**	–	**42**	–
At 31 December	**(661)**	(703)	**(661)**	(703)
Carrying amount	**1,310**	1,531	**474**	659

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

	Group	
	2015	2014
	$'000	$'000
Pacific Eldercare and Nursing Pte Ltd	**1,234**	1,516
Others	**76**	15
At 31 December	**1,310**	1,531

12. Investments in associates (cont'd)

The following information relates to associates of the Group:

Name	Country of incorporation	Principal activities	Proportion of ownership interest 2015 %	2014 %
Held by the Company				
Pacific Eldercare and Nursing Pte Ltd [(2)(a)]	Singapore	Provision of medical services and the operation of medical centers and nursing home	**20**	26
Mediplex Asia Co. Ltd[(d)]	Thailand	Provision of investment and management services relating to health and wellness business	**–**	49
Thai Mediplex Co. Ltd.	Thailand	Management and operations of health and wellness specialist centre (Dormant)	**30**	30
Pacific Activity Centres Pte Ltd [(c)]	Singapore	Management of operations of senior activity centres	**–**	35
Held through Pacific Healthcare Specialist Services Pte. Ltd.				
Ikids Paediatric Practice Pte. Ltd. [(1)]	Singapore	Provision of specialised medical and paediatric services	**50**	50
Held through Pacific Healthcare Nursing Home Pte. Ltd.				
Pacific Advance Renal Care Pte Ltd [(b)]	Singapore	Management of operations of dialysis centre	**–**	50

(1) Audited by Baker Tilly TFW LLP, Singapore.

(2) Audited by HLB Atrede LLP, Singapore.

(a) On 14 February 2015, the Company divested its 185,000 shares in Pacific Eldercare and Nursing Pte Ltd ("PEN") to Entrust Healthcare Pte. Ltd. at a total cash consideration of $185,000. As a result, the shareholding of the Company in PEN decreased from 26% to 20%. The Group recognised a loss of $21,000 as a result of this divestment and is included in "Other Expenses" line item in the Group's profit or loss for the year ended 31 December 2015.

(b) On 14 February 2015, the subsidiary of the Company, Pacific Healthcare Nursing Home Pte. Ltd. ("PHNH") transferred its 50% shareholdings in Pacific Advance Renal Care Pte Ltd ("PARC") to Pacific Activity Centres Pte Ltd ("PAC") at a total cash consideration of $25,000 and for PAC to take over its Shareholders' Loan of $125,000. As the cost of investment has been fully impaired previously, the Group recognised a gain of $25,000 as a result of this divestment and is included in "Other Income" line item in the Group's profit or loss for the year ended 31 December 2015.

(c) On 27 March 2015, the Company transferred its entire shareholdings in Pacific Activity Centres Pte Ltd ("PAC"), a 35% owned associate, to PEN for Nil consideration. No gain or loss was recognised by the Group.

12. Investments in associates (cont'd)

The following information relates to associates of the Group (cont'd):

(d) During the financial year, investment in Mediplex Asia Co. Ltd has been written off as this associate has been dissolved.

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

	Group	
	2015	**2014**
	$'000	**$'000**
Profit after tax, representing total comprehensive income for the year	**122**	140

The summarised financial information in respect of Pacific Eldercare and Nursing Pte Ltd and its subsidiaries based on its unaudited management accounts and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	2015	**2014**
	$'000	**$'000**
Current assets	**4,706**	3,503
Non–current assets	**1,927**	1,909
Total assets	**6,633**	5,412
Current liabilities	**2,602**	1,624
Non–current liabilities	**1,384**	664
Total liabilities	**3,986**	2,288
Net assets	**2,647**	3,124
Proportion of the Group's ownership	**20%**	26%
Group's share of net assets	**530**	812
Goodwill on acquisition	**704**	704
Carrying amount of the investment	**1,234**	1,516

Summarised statement of comprehensive income

	2015	**2014**
	$'000	**$'000**
Revenue	**5,005**	5,127
Profit after tax	**1,187**	2,818

Dividend of $331,000 (2014 : Nil) was received from PEN during the year.

The unaudited management accounts of the Company's associate, Pacific Eldercare and Nursing Pte Ltd and its subsidiaries ("PEN Group") for the financial year ended 31 December 2015 were used to prepare the consolidated financial statements of the Group, as the audited financial statements of PEN Group for the financial year ended 31 December 2015 are not available. As at the date of these financial statements, the audit of the financial statements of PEN Group by the Component auditor is still ongoing.

13. Other investment

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Available–for–sale financial assets:				
Unquoted equity shares at cost	**–**	1,930	**–**	1,930
Less: Allowance for impairment losses	**–**	(1,930)	**–**	(1,930)
	–	–	**–**	–
Movements in the impairment losses are as follows:				
At 1 January	**1,930**	2,572	**1,930**	2,275
Write–off against allowance	**(1,930)**	(642)	**(1,930)**	(345)
At 31 December	**–**	1,930	**–**	1,930

Unquoted equity shares investments include the following entities:

Name of company (country of incorporation and principal activities)	Cost of investment			
	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Cure Heart Ltd. (Mauritius, investment holding)	**–**	1,930	**–**	1,930

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

14. Other assets

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Other assets (non–current):				
Prepayments	**5**	4	**–**	–
Sign–on bonuses	**66**	1,159	**–**	–
	71	1,163	**–**	–
Other assets (current):				
Prepayments	**161**	193	**41**	26
Sign–on bonuses	**198**	273	**–**	–
Deferred lease expenses	**74**	213	**32**	174
	433	679	**73**	200

15. Inventories

	Group	
	2015	2014
	$'000	$'000
Medical supplies (at cost)	**1,177**	1,245

Inventories 'recognised' as an expense during the financial year amounted to $8,021,000 (2014: $9,460,000).

16. Trade and other receivables

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade receivables				
– third parties	**3,658**	3,481	**–**	–
– subsidiaries	**–**	–	**3,784**	3,101
– associate	**6**	7	**6**	7
	3,664	3,488	**3,790**	3,108
Less: Allowance for impairment losses				
– third parties	**(973)**	(1,090)	**–**	–
– subsidiaries	**–**	–	**(3,784)**	–
	2,691	2,398	**6**	3,108
Other receivables				
– third parties	**1,600**	948	**889**	894
– subsidiaries	**–**	–	**28,888**	5,715
– associates	**25**	168	**–**	104
– doctors/former doctors	**1,383**	1,819	**–**	–
	3,008	2,935	**29,777**	6,713
Less: Allowance for impairment losses				
– third parties	**(792)**	(816)	**(778)**	(778)
– subsidiaries	**–**	–	**(28,093)**	–
– associates	**–**	(168)	**–**	(104)
– doctors/former doctors	**(380)**	(393)	**–**	–
	1,836	1,558	**906**	5,831
Deposits				
– rental	**2,126**	2,649	**803**	1,378
– a former director	**12**	12	**–**	–
– others	**95**	86	**23**	24
	2,233	2,747	**826**	1,402
	6,760	6,703	**1,738**	10,341

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

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

17. Cash and cash equivalents

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Cash at banks	**2,594**	2,718	**30**	117
Cash on hand	**16**	19	**3**	3
	2,610	2,737	**33**	120

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

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the balance sheet date:

	Group	
	2015	**2014**
	$'000	**$'000**
Cash and bank balances		
– As shown above	**2,610**	2,737
– Included under assets held for sale	**–**	498
Cash and cash equivalent at end of year	**2,610**	3,235

18. Disposal group classified as held for sale

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

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

As at 31 December 2014, the assets and liabilities related to all three subsidiaries have been presented in the balance sheet as "Assets of disposal group classified as held for sale" and "Liabilities directly associated with disposal group classified as held for sale". These disposals arrangements were terminated during the financial year as conditions precedent in the agreements were not fulfilled. Therefore, assets and liabilities that were previously classified as held for sales are re-presented in respective line items of the current year's financial statements.

Income statement and cash flow statement disclosures

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

18. Disposal group classified as held for sale (cont'd)

Balance sheet disclosures

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

	Group	
	2015	2014
	$'000	$'000
Assets:		
Property, plant and equipment	–	1,916
Other assets	–	181
Inventories	–	220
Trade and other receivables	–	751
Cash and bank balances	–	498
Assets of disposal group classified as held for sale	–	3,566
Liabilities:		
Trade and other payables	–	3,749
Other liabilities	–	311
Finance leases	–	73
Liabilities directly associated with disposal group classified as held for sale	–	4,133
Net liabilities directly associated with disposal group classified as held for sale	–	(567)
Reserve:		
Foreign currency translation reserve	–	281

19. Provision

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Provision for restoration cost:				
At 1 January	**1,281**	1,245	**722**	699
Reclassified from disposal group held for sale	**17**	–	**–**	–
Provided during the year	**–**	36	**–**	23
Utilised during the year	**(157)**	–	**(157)**	–
Write back of provision during the year (Note 4)	**(248)**	–	**(248)**	–
	893	1,281	**317**	722
Current	**893**	411	**317**	405
Non–current	**–**	870	**–**	317
	893	1,281	**317**	722

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

20. Deferred tax liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The movements in the deferred tax liabilities are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Balance at beginning of the year	**29**	81	**–**	–
Credit to profit or loss	**–**	(52)	**–**	–
Balance at end of the year	**29**	29	**–**	–

Net deferred tax liabilities as at year end relate to the following:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax liabilities				
Excess of tax written down value over net carrying amount of property, plant and equipment	**29**	29	**–**	–

21. Borrowing

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Current	**135**	–	**–**	–
Non-current	**590**	–	**–**	–
	725	–	**–**	–

During the financial year, PHNH has entered into term loan agreement with a financial institution.

This term loan is repayable over 60 monthly instalments from December 2015, bears interest at 5.5% per annum and is secured by personal guarantee of a director of a subsidiary, PHNH.

22. Trade and other payables

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade payables				
– third parties	**4,597**	4,739	**590**	598
Other payables				
– associates	**961**	1,668	**958**	1,478
– subsidiaries	**–**	–	**10,223**	9,203
– directors	**–**	10	**–**	10
For purchase of investments				
– to be settled by cash	**22**	382	**22**	382
Amounts payable to doctors	**3,124**	2,357	**–**	–
Deposits received for proposed disposals of subsidiaries	**700**	1,829	**700**	1,829
Other deposits received				
– a subsidiary	**–**	–	**–**	393
– third parties	**446**	393	**–**	–
Amounts due to non–controlling shareholders of subsidiaries	**1,991**	2	**–**	–
Others	**1,545**	1,106	**110**	120
	13,386	12,486	**12,603**	14,013

The average credit period taken by the Group to settle non–related trade payables range from 90 to 120 days (2014: 90 to 120 days). The other payables are with short–term durations unless otherwise indicated. The carrying amounts are assumed to be a reasonable approximation of fair values. These amounts are non–interest bearing.

The amount due to associates and related parties are non–trade in nature, unsecured, interest–free and repayable on demand.

Amounts payable to doctors are without fixed repayment terms and interest, relating to professional fee due to doctors which are payable based on consultancy agreements.

Deposits received for proposed disposals of subsidiaries represent up-front considerations received for the proposed disposals of three subsidiaries as disclosed in Note 18. The deposits received in previous year were non-refundable, non-interest bearing and were forfeited on termination of the proposed disposals during the year. Deposits received in previous year totalling $1,829,000 have been recognised as other income during the financial year (Note 4). Additional deposits amounting to $700,000 received during the current year is non-interest bearing. As disclosed in Note 32(b), subsequent to the balance sheet date, legal proceedings have been instituted against the Company and its subsidiary for the recoveries of part of these deposits.

Other deposit received from a subsidiary represent deposits collected for lease agreements entered with the subsidiary. These deposits are non–interest bearing and are to be settled in cash.

23. Other liabilities

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Accrued liabilities	**1,707**	1,754	**661**	390
Deferred revenue	**1,116**	1,423	**–**	–
Deferred lease income	**25**	20	**25**	44
	2,848	3,197	**686**	434

24. Share capital

	Group and Company			
	2015		2014	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares	**573,743**	62,615	**573,743**	62,615

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

25. Other reserves

Foreign currency translation reserve

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

Fair value adjustment reserve

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

Premium paid on acquisition of non–controlling interests

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

26. Commitments

(a) Operating lease commitments – as lessee

The Group has various operating lease agreements for premises. These leases have an average tenure of between three and ten years with no contingent rent provision included in contract.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2015 amounted to $8,266,000 (2014: $8,726,000).

Future minimum leases payments for the remaining terms of one year or more are as follows:

	Group	
	2015 $'000	2014 $'000
Not later than one year	**4,061**	8,091
Later than one year but not later than five years	**5,210**	17,808
Later than five years	**8,025**	–
	17,296	25,899

26. Commitments (cont'd)

(b) Operating lease commitments – as lessor

The future minimum lease amounts receivable under non–cancellable operating leases contracted for at the reporting date but not recognised as receivables:

	Group	
	2015	2014
	$'000	$'000
Not later than one year	**8**	194
Later than one year but not later than five years	**–**	8
	8	202

The leases have varying terms and renewal rights.

27. Significant related party transactions

(a) Other than as disclosed elsewhere in the financial statements, the following significant related party transactions took place between the Group and related party during the financial year on terms agreed by the parties concerned:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Associates of the Group:				
– Management fee income	**101**	211	**101**	211
– Rental income	**194**	194	**194**	194
Other related parties:				
– Management fee income	**–**	34	**–**	34
– Rental income	**–**	167	**–**	167
Remuneration of employee who is immediate family member of a Director	**186**	–	**–**	–

Other related parties refer to former associates of the Group.

(b) Key management personnel compensation

Total key management personnel compensation is analysed as follows:

	Group	
	2015	2014
	$'000	$'000
Short–term employee benefits	**631**	3,675
Contribution to defined contribution plan	**30**	35
	661	3,710
Comprise amounts paid/payable to:		
Directors of the Company	**148**	3,213
Other key management personnel	**513**	497
	661	3,710

27. Significant related party transactions (cont'd)

(b) Key management personnel compensation (cont'd)

Included in the above amounts are the following items:

	Group	
	2015	**2014**
	$'000	**$'000**
Fees to directors of the Company	**148**	174
Remuneration of directors of the Company *	**–**	3,039

* Includes professional fees paid to directors in their capacity as doctors as well as sign–on bonuses of $174,000 charged to profit or loss in the financial year ended 2014.

(c) Commitments and contingencies

The Company granted financial support to its subsidiaries which have capital deficiencies in shareholders' funds (before inter-company adjustments) totalling $51,890,000 at 31 December 2015 (2014 : $43,627,000).

In addition to the above, a director of a subsidiary has provided guarantee for certain borrowing facilities (Notes 21).

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

Except for contingent liabilities disclosed above and in Note 32, there are no other material contingent liabilities for the Group and Company as at 31 December 2015 and 31 December 2014.

28. Segment information

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

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

ii) The medical segment operates specialist clinics offering services ranging from age management, assisted reproduction, cardiology, cosmetic surgery, dermatology, general and vascular surgery, neurosurgery, obstetrics and gynaecology, ophthalmology, orthopaedic surgery, paediatrics, psychiatry, sports medicine and urology. Complementing the specialist healthcare unit of the Group's Medical division is the Group's general practice medical clinics which emphasizes health screening, health maintenance and disease prevention. The Group also operates day surgery centres for performing a range of surgical procedures that do not require overnight care. In addition, the Group has a diagnostic facility that offers an extensive range of high–end specialised medical diagnostic and imaging services. The Group also expanded its medical segment to include nursing homes.

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

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

28. Segment information (cont'd)

The segment information provided to management for the reportable segments are as follows:

	Dentistry		Medical		Eliminations		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue:								
External customers	**10,690**	13,542	**35,048**	39,366	**–**	–	**45,738**	52,908
Inter–segment	**56**	44	**9,263**	11,170	**(9,319)**	(11,214)	**–**	–
Total revenue	**10,746**	13,586	**44,311**	50,536	**(9,319)**	(11,214)	**45,738**	52,908
Segment results	**1,073**	(1,387)	**(2,595)**	(2,912)	**–**	–	**(1,522)**	(4,299)
Share of results of associates	**–**	–	**316**	1,058	**–**	–	**316**	1,058
Unallocated expenses							**(493)**	(407)
Finance costs							**(6)**	(33)
Loss before tax							**(1,705)**	(3,681)
Tax expense							**(236)**	(99)
Loss after tax							**(1,941)**	(3,780)
Segment assets	**1,411**	2,643	**14,246**	18,711	**–**	–	**15,657**	21,354
Unallocated assets							**361**	536
Total assets							**16,018**	21,890
Segment assets includes:								
Investment in associates	**–**	–	**1,310**	1,531	**–**	–	**1,310**	1,531
Segment liabilities	**465**	607	**14,505**	17,560	**–**	–	**14,970**	18,167
Unallocated liabilities							**3,163**	3,213
Total liabilities							**18,133**	21,380
Other segment information					**Unallocated expenses/(gain)**			
Additions to non-current assets	**5**	133	**506**	278	**1**	–	**512**	411
Deposit written off	**–**	–	**371**	–	**–**	–	**371**	–
Depreciation expense	**650**	786	**733**	2,433	**45**	70	**1,428**	3,289
Gain on disposal of a subsidiary	**–**	–	**–**	(1,762)	**–**	–	**–**	(1,762)
Gain on disposal of property, plant and equipment	**–**	–	**(1,973)**	(1)	**–**	–	**(1,973)**	(1)
Gain on liquidation of an associate	**–**	–	**–**	–	**–**	(412)	**–**	(412)
Gain on re-measurement of investment in associate to fair value upon business combination achieved in steps	**–**	–	**–**	(389)	**–**	–	**–**	(389)
Impairment loss on other investments	**–**	–	**–**	–	**–**	55	**–**	55
Impairment loss on plant and equipment	**–**	263	**–**	1,450	**–**	–	**–**	1,713
Loss on change of interest in a subsidiary	**–**	–	**2**	–	**–**	–	**2**	–
Loss/(gain) on change of interest in associates	**–**	–	**21**	(91)	**–**	–	**21**	(91)
Property, plant and equipment written off	**–**	1	**1,077**	10	**–**	–	**1,077**	11
Write-back of allowance for impairment of doubtful receivables	**–**	–	**(416)**	–	**–**	–	**(416)**	–
Write-back of provision for restoration cost	**–**	–	**(248)**	–	**–**	–	**(248)**	–
Write-off of trade receivables	**76**	92	**34**	2	**–**	–	**110**	94

28. Segment information (cont'd)

Segment results

Performance of each segment is evaluated based on segment profit or loss which is measured differently from the net loss before tax in the consolidated financial statements. Corporate and finance expenses are not allocated to segments as these are managed on a group basis.

Segment assets

The amounts provided to Management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments other than corporate assets which are classified as unallocated assets.

Segment liabilities

The amounts provided to Management with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments other than corporate liabilities, deferred tax liabilities, income tax payables, finance lease liabilities and borrowings which are classified as unallocated liabilities.

Geographical information

Revenue and non–current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenues		**Non–current assets**	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Singapore	**45,738**	50,604	**5,038**	6,960
Overseas	**–**	2,304	**–**	–
	45,738	52,908	**5,038**	6,960

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

29. Financial instruments

(a) Categories of financial instruments

The financial instruments as at balance sheet date are:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Loans and receivables	**9,370**	9,440	**1,771**	10,461
Financial liabilities				
At amortised costs	**15,818**	12,411	**13,264**	12,574

(b) Financial risk management

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk and liquidity risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

There has been no significant change to the Group's exposure to these financial risks or the manner in which it manages and measures financial risks as compared to previous financial year.

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

Credit risk

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

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy corporate customers. It is the Group's policy that all corporate customers who wish to trade on credit terms are subject to credit verification procedures. Any credit terms granted to private customers must be justified and the approval of the Head of Department ("HOD") or Business Entity Head ("BEH") is required. In addition, receivable balances are monitored on an ongoing basis.

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

29. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

Credit risk concentration profile

The Group has no significant concentrations of credit risk.

At the end of reporting period, approximately:

– 12% (2014: 23%) of the Group's trade receivables were due from 5 major customers of the Group; and
– 10% (2014: 2%) of the Group's trade and other receivables were due from related parties while almost all of the Company's receivables were balances with related parties.

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

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and bank balances that are neither past due nor impaired are placed with reputable financial institutions. Therefore, credit risk arises mainly from the inability of its customers to make payments when due. The amounts presented in the balance sheets are net of allowances for impairment of trade receivables, estimated by management based on prior experience and the current economic environment.

(ii) Financial assets that are past due but not impaired

The Group has trade receivables amounting to $2,462,000 (2014: $1,783,000) and other receivables amounting to $322,000 (2014: $187,000) that are past due at the end of reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of reporting period is as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Trade receivables past due:		
Lesser than 30 days	**639**	764
30–60 days	**492**	431
61–90 days	**361**	238
91–120 days	**970**	270
More than 120 days	**–**	80
	2,462	1,783

29. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

(ii) Financial assets that are past due but not impaired (cont'd)

	Group	
	2015	**2014**
	$'000	**$'000**
Other receivables past due:		
Lesser than 30 days	**37**	117
30–60 days	**66**	1
61–90 days	**109**	1
91–120 days	**–**	–
More than 120 days	**97**	68
	309	187

(iii) Financial assets that are past due and impaired

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

	Group	
	2015	**2014**
	$'000	**$'000**
Trade receivables – nominal amounts	**973**	1,090
Less: Allowance for impairment losses	**(973)**	(1,090)
	–	–

Movements in allowance for impairment of doubtful receivables are as follows:

	2015	2014
At 1 January	**1,090**	737
Reclassified from disposal group held for sale	**42**	–
Charge for the year	**401**	509
Write–back (Note 4)	**(241)**	(60)
Acquisition of subsidiary	**–**	107
Write–off	**(319)**	(203)
At 31 December	**973**	1,090

29. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

(iii) Financial assets that are past due and impaired (cont'd)

	Group	
	2015	**2014**
	$'000	**$'000**
Amounts due from associates – nominal amounts	**–**	168
Less: Allowance for impairment losses	**–**	(168)
	–	–

Movements in allowance for impairment of doubtful receivables are as follows:

	2015	2014
At 1 January	**168**	–
Charge for the year	**–**	168
Write–back (Note 4)	**(168)**	(302)
Acquisition of subsidiary	**–**	302
At 31 December	**–**	168

	2015	2014
Amounts due from doctors/former doctors – nominal amounts	**380**	393
Less: Allowance for impairment losses	**(380)**	(393)
	–	–

Movements in allowance for impairment of doubtful receivables are as follows:

	2015	2014
At 1 January	**393**	320
Charge for the year	**1**	73
Write–back (Note 4)	**(4)**	–
Write–off	**(10)**	–
At 31 December	**380**	393

	2015	2014
Other receivables – nominal amounts	**792**	816
Less: Allowance for impairment losses	**(792)**	(816)
	–	–

Movements in allowance for impairment of doubtful receivables are as follows:

	2015	2014
At 1 January	**816**	905
Charge for the year	**–**	92
Write–back (Note 4)	**(3)**	–
Acquisition of subsidiary	**–**	18
Write–off	**(21)**	(199)
At 31 December	**792**	816

29. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

(iii) Financial assets that are past and impaired (cont'd)

Trade receivables that are determined to be impaired at the end of reporting period relate to receivables that are outstanding more than 90 days (2014: 90 days) and have default on payments. These receivables are not secured by any collateral or credit enhancement.

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

Amounts due from doctors/former doctors that are determined to be impaired at the end of reporting period relate to receivables that have recoverability issues. These receivables are not secured by any collateral or credit enhancement.

Liquidity and cash flow 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 exposures to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand–by credit facilities.

The Group and the Company manage the liquidity risk by maintaining a level of cash and cash equivalents to enable them to meet their normal operating commitments and having an adequate amount of committed credit facilities.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the balance sheet date based on contractual undiscounted payments.

	2015			2014		
	Repayable on demand or within 1 year $'000	**1 to 5 years $'000**	**Total $'000**	**Repayable on demand or within 1 year $'000**	**1 to 5 years $'000**	**Total $'000**
Group						
Trade and other payables	**13,386**	**–**	**13,386**	10,657	–	10,657
Accrued liabilities	**1,707**	**–**	**1,707**	1,754	–	1,754
Borrowing	**171**	**655**	**826**	–	–	–
	15,264	**655**	**15,919**	12,411	–	12,411
Company						
Trade and other payables	**12,603**	**–**	**12,603**	12,184	–	12,184
Accrued liabilities	**661**	**–**	**661**	390	–	390
	13,264	**–**	**13,264**	12,574	–	12,574

30. Fair values of assets and liabilities

(a) Fair value hierarchy

The table below analyses the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

(i) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and

(iii) Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(b) Assets and liabilities not carried at fair value but which fair values are disclosed

	Carrying amount $'000	Fair value measurement at balance sheet date Level 3 $'000
Group		
At 31 December 2015		
Non-current borrowing	**590**	590

The above does not include financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis are reasonable approximation of their fair values, either due to their short-term nature and the effect of discounting is immaterial or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

(c) Determination of fair values

The fair value of the non-current borrowing is determined based on the discounted cash flow analysis using a discount rate based upon market lending rate for similar borrowings which the directors expect would be available to the Group at the balance sheet date. The fair value of the fixed rate borrowing at the balance sheet date approximates its carrying value as there are no significant changes in the interest rates available to the Group.

31. Capital management

The primary objective of the Group's capital management is to ensure that entities within the Group will be able to continue as a going concern while maximising the returns to stakeholders through the optimisation of the debt and equity balance.

In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return on capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2015 and 2014.

The Group manages capital by monitoring the level of net debts and capital. Net debt is calculated as borrowings plus trade and other payables plus other liabilities, less cash and cash equivalents. Total capital is calculated as equity plus net debt. Equity includes equity attributable to equity holders of the Company.

	Group	
	2015	**2014**
	$'000	**$'000**
Net debt	**14,349**	12,946
Equity	**(570)**	1,828
Total capital	**13,779**	14,774

As disclosed in Note 2(a), the Group was in net liability position as at 31 December 2015. The Group is currently relying on the short-term funding from its major shareholders and is implementing new business strategies, including restructuring the Group's existing business to improve the existing earning base of the Group.

32. Events after the balance sheet date

(a) Shareholders' loan

On 9 March 2016, the Company had entered into a shareholders' loan agreement (the "Loan") with its shareholders namely Valuecare Limited and Radiance Investment Pte Ltd for an aggregate principal amount of $3,000,000. The Loan is secured by fixed and floating charge over the assets of the Company. The purpose of the Loan is for working capital needs and in the ordinary course of business and for the benefit of the Group. The interest payable for the Loan shall be the sum of $120,000. The Loan is payable to the shareholders on 30 June 2016. The Company received the first loan drawdown of $500,000 on 11 March 2016.

32. Events after the balance sheet date (cont'd)

(b) Legal claims

On 9 March 2016, the Company announced that legal proceedings have been instituted against the Company (the "PHH Claim") and its subsidiary, Pacific Healthcare Nursing Home Pte. Ltd. (the "PHNH Claim").

The PHNH Claim

This claim is made by Chan Ewe Teik ("Chan") and relates to the recovery of an alleged loan extended by Chan to Pacific Healthcare Nursing Home Pte. Ltd. amounting to a sum of $500,000.

The PHH Claim

This claim is made by Chan and Straitsworld Advisory Ltd ("Straitsworld") in relation to:–

(i) the recovery of monies amounting to a sum of $500,000, on the basis of alleged loans advanced by Chan and Straitsworld to the Company; and

(ii) the recovery of monies amounting to a sum of $1,781,620, as part consideration for the proposed disposals by the Company of all its shares in Pacific Surgical and Endoscopy Centre Pte. Ltd. ("PSEC") and Pacific Healthcare (Indonesia) Pte. Ltd. ("PHI"), to Straitsworld.

The Company had, on 16 January 2015, announced that it had entered into two sale and purchase agreements with Straitsworld for the Proposed Disposals. The Company subsequently announced on 4 May 2015 that the sale and purchase agreements for the Proposed Disposals were terminated as the conditions precedent were not fulfilled or waived by the Long–Stop date.

Based on legal advice, the directors are of the view that there is no merit in such claims or allegations and that no provision is required to be made in the financial statements.

33. Authorisation of financial statements

The consolidated financial statements of the Group and the balance sheet of the Company for the financial year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors dated 7 April 2016.

Statistics of Shareholdings

As at 14 March 2016

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

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

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	117	8.25	1,396	0.00
100 - 1,000	315	22.20	299,895	0.05
1,001 - 10,000	328	23.11	1,836,324	0.32
10,001 - 1,000,000	615	43.34	58,779,349	10.25
1,000,001 AND ABOVE	44	3.10	512,825,969	89.38
TOTAL	1,419	100.00	573,742,933	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	HSBC (SINGAPORE) NOMINEES PTE LTD	147,293,802	25.67
2	VALUECARE LIMITED	128,579,692	22.41
3	RADIANCE INVESTMENT PTE LTD	72,117,379	12.57
4	PACIFIC INVESTMENTS PTE LTD	35,919,000	6.26
5	CHONG LAI LEONG WILLIAM	16,000,684	2.79
6	MARTIN HUANG HSIANG SHUI	11,952,180	2.08
7	RAFFLES NOMINEES (PTE) LIMITED	8,007,250	1.40
8	TAI HUI ENG	7,000,000	1.22
9	SANDRA AYE AYE HAN CHU	5,414,667	0.94
10	TAY TZE-HSIN MARC	5,365,733	0.94
11	YONG YIN MIN	5,358,000	0.93
12	CHIA CHENG YAN	4,419,000	0.77
13	CITIBANK NOMINEES SINGAPORE PTE LTD	4,210,000	0.73
14	TAN KEE SENG IAN	4,171,250	0.73
15	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	4,098,500	0.71
16	LIM CHER KHIANG	3,753,200	0.65
17	KHONG SUET YING (KUANG XUEYING)	3,363,000	0.59
18	KONG CHEE SENG	2,700,000	0.47
19	TAI PEE TAH	2,508,000	0.44
20	TEXWELL INDUSTRIES PTE LTD	2,441,000	0.43
	TOTAL	474,672,337	82.73

Statistics of Shareholdings

As at 14 March 2016

SUBSTANTIAL SHAREHOLDERS

as recorded in the Register of Substantial Shareholders as at 14 March 2016

Substantial Shareholders	No. of Shares Direct	No. of Shares Deemed	Total	%
Chong Lai Leong, William	16,000,684	38,741,000(1)	54,741,684	9.54
Pacific Investments Pte Ltd	35,919,000	–	35,919,000	6.26
Valuecare Limited	128,579,692	–	128,579,692	22.41
Al-Faiz Fund I Limited	–	128,579,692(2)	128,579,692	22.41
Affluent Healthcare Holdings Pte. Ltd.	–	147,033,802(3)	147,033,802	25.63
Sri Widati Ernawan Putri	–	147,033,802(4)	147,033,802	25.63
Radiance Investment Pte. Ltd.	72,117,379	–	72,117,379	12.57
Pang Yoke Min	–	72,117,379(5)	72,117,379	12.57

Notes:

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

(i) 35,919,000 shares held by Pacific Investments Pte Ltd (100% owned by Chong Lai Leong, William); and

(ii) 2,822,000 shares held by Chong Lai Leong, William through United Overseas Bank Nominees (Private) Limited.

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

(3) The 147,033,802 shares are held by Affluent Healthcare Holdings Pte. Ltd. through HSBC (Singapore) Nominees Pte. Ltd.

(4) Deemed to be interested in the 147,033,802 shares held by Affluent Healthcare Holdings Pte. Ltd. (100% owned by Sri Widati Ernawan Putri) through HSBC (Singapore) Nominees Pte. Ltd.

(5) Deemed to be interested in the 72,117,379 shares held by Radiance Investment Pte. Ltd. (100% owned by Pang Yoke Min).

Shareholdings Held in the Hands of Public

Based on the information provided to the Company, to the best knowledge of the Directors and the substantial shareholders of the Company, approximately 27.19% of the issued ordinary shares of the Company was held in the hands of the public as at 14 March 2016. The Company did not hold any treasury shares as at 14 March 2016.

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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 24 Mount Elizabeth, Windsor I & II, Level 2, The Elizabeth Hotel, Singapore 228518 on Wednesday, 27 April 2016 at 2 p.m. for the following purposes:

As Ordinary Business

1. To receive and adopt the Audited Financial Statements of the Group and Company for the financial year ended 31 December 2015 and the Directors' Statement together with the Auditor's Report. **(Resolution 1)**

2. To re-elect Mr Pang Yoke Min who is retiring by rotation pursuant to Article 91 of the Company's Constitution[1]. **(Resolution 2)**

3. To re-elect Mr Lien Kait Long who is retiring by rotation pursuant to Article 91 of the Company's Constitution[1]. **(Resolution 3)**

4. To approve the Directors' fees of S$138,000/- for the financial year ending 31 December 2016, payable quarterly in arrears (2015: S$174,000). **(Resolution 4)**

5. To re-appoint Messrs Baker Tilly TFW LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

As Special Business

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

6. **Share Issue Mandate**

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

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

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

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

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

provided that:

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

1 Detailed information on the Directors who are proposed to be re-elected can be found under the sections entitled "Board of Directors", "Further Information on Board of Directors", "Report on Corporate Governance" and "Directors' Statement" of the Company's Annual Report 2015.

(b) (subject to such manner of calculation as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the total number of issued shares excluding treasury shares is based on the Company's total number of issued shares excluding treasury shares at the time of the passing of this Resolution, after adjusting for:

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

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

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

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(d) the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."
[See Explanatory Note] **(Resolution 6)**

7. To transact any other business that may properly be transacted at an Annual General Meeting.

By Order of the Board

Teo Meng Keong
Company Secretary
Singapore
12 April 2016

Explanatory Note:

Resolution 6

This is to empower the Directors to issue shares in the capital of the Company and/or instruments (as defined above). The aggregate number of shares to be issued pursuant to Resolution 6 (including shares to be issued in pursuance of instruments made or granted) shall not exceed 50% of the Company's total number of issued shares excluding treasury shares, with a sub-limit of 20% of the Company's total number of issued shares excluding treasury shares, for shares issued other than on a pro rata basis (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) to shareholders of the Company. For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares excluding treasury shares is based on the Company's total number of issued shares excluding treasury shares at the time of the passing of Resolution 6, after adjusting for

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

(b) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of Resolution 6, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of shares.

Notice of Annual General Meeting

Notes:

I. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Act.

II. A proxy need not be a member of the Company.

III. If the member is a corporation, the instrument appointing the proxy must be under seal or under the hand of its attorney or officer duly authorised.

IV. The instrument appointing a proxy(ies) must be deposited at the Share Registration office of the Company at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for holding the meeting.

Personal data privacy:

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

PACIFIC HEALTHCARE HOLDINGS LTD.

(Incorporated in the Republic of Singapore
– Company Registration No. 200100544H)

Important :

1. A relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50) may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy Pacific Healthcare Holdings Ltd. shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks if they have queries regarding their appointment as proxies.

PROXY FORM

I/We, ______________________________ (name) of ______________________________

______________________________ (address)

being a member/members of Pacific Healthcare Holdings Ltd. (the "Company"), hereby appoint :

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

or failing him/them, the Chairman of the Annual General Meeting of the Company ("AGM"), as my/our proxy/proxies to attend, speak and to vote for me/us on my/our behalf at the AGM to be held at The Elizabeth Hotel, Windsor I & II, Level 2, 24 Mount Elizabeth, Singapore 228518 on Wednesday, 27 April 2016 at 2 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for/against the resolutions proposed at the AGM as indicated hereunder. In the absence of specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion, as he/they may on any other matter arising at the AGM.

ORDINARY	ORDINARY BUSINESS	No of Votes For*	No of Votes Against*
Resolution 1	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2015 and the Directors' Statement together with the Auditor's Report		
Resolution 2	To re-elect Mr Pang Yoke Min as a Director of the Company		
Resolution 3	To re-elect Mr Lien Kait Long as a Director of the Company		
Resolution 4	To approve the Directors' fees for financial year ending 31 December 2016, payable quarterly in arrears		
Resolution 5	To re-appoint Messrs Baker Tilly TFW LLP as auditors and authorise the Directors to fix their remuneration		
ORDINARY	**SPECIAL BUSINESS**	**No of Votes For***	**No of Votes Against***
Resolution 6	To approve Share Issue Mandate		

* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick "X" in the relevant box provided. Alternatively, if you wish to exercise your votes both "For" or "Against" the relevant resolution, please indicate the number of shares in in the boxes provided.

Date this ________ day of ______________________ 2016

Total Number of Shares held (Note 1)

____
Signature(s) / Common Seal of members(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES TO PROXY FORM:

IMPORTANT

1. Please insert the total number of Shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry 100 per cent of the shareholdings of his/its appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

3. A proxy need not be a member of the Company.

4. An investor who buy shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the meeting in person. CPF and SRS Investors who are unable to attend the meeting but would like to vote, may inform their CPF and SRS Approved Nominees to appoint the Chairman of the meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the meeting.

5. The instrument appointing a proxy or proxies must be deposited at the Share Registration office of the Company at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for holding the meeting.

6. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of its attorney or officer duly authorised.

8. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

9. A corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Chapter 50.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

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 12 April 2016.

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PACIFIC
HEALTHCARE
HOLDINGS

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