ISEC HEALTHCARE

ANNUAL REPORT 2014

A VISION FOR GROWTH

OUR VISION

To be the national and regional centre of excellence for both comprehensive and subspecialty ophthalmology in

- Service
- Teaching
- Research

OUR MISSION

- To enhance the quality of life by improving sight and preventing blindness through compassionate patient care
- To advance and disseminate ophthalmic knowledge through meaningful health education and innovative vision research

OUR VALUES

Committed to

- Providing affordable world-class ophthalmic care with integrity and compassion to all our patients
- Maintaining the highest standard of ophthalmic practice through continuous professional development and medical education
- Creating a healthy work environment by fostering teamwork, personal responsibility, integrity, innovation, trust and communication

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CORPORATE PROFILE

ISEC Healthcare Ltd. ("ISEC Healthcare" or the "Company") and together with its subsidiaries ("the Group") prides ourselves as a comprehensive one-stop medical eye care service provider with world-class surgical facilities in both Malaysia and Singapore.

Led by a team of specialist doctors, many of whom are key opinion leaders in their respective sub-specialty fields, we offer a full range of specialised services pertaining to cataract and intraocular lens implant surgery, refractive surgery (including LASIK), vitreoretinal diseases, corneal diseases, external eye diseases, glaucoma, uveitis, oculoplastics, facial cosmetics & aesthetics surgery, adult strabismus and paediatric ophthalmology.

Using the latest state-of-the-art technology and facilities, we aspire to provide affordable world-class medical eye care services to all, as preserving our patients' vision, is our top priority.

The Company was listed on the Catalist board of the Singapore Exchange Securities Trading Limited since 28 October 2014.

OUR BUSINESS

ISEC, which stands for "International Specialist Eye Centre", has set our sight on expanding into other markets in Asia Pacific including Malaysia and Singapore where we currently operate four eye centres. Our Centres of Excellence in ophthalmology comprise ISEC Sdn. Bhd. ("ISEC KL") and ISEC (Penang) Sdn. Bhd. ("ISEC Penang") in Malaysia, and International Specialist Eye Centre Pte. Ltd. ("ISEC Singapore") and ISEC Eye Pte. Ltd. ("ISEC Eye") in Singapore.

These centres offer our specialist team access to state-of-the-art technology and facilities, and provide our patients with high quality medical eye care services. We are also noted for consistently setting new standards by successfully adopting the latest technologies and performing innovative ground-breaking surgeries in the region.

In addition to expanding into other Malaysian cities such as Johor Bahru, Melaka, and the East Coast and East Malaysia, the Group has also identified China, India, Indonesia, Myanmar, the Philippines, Taiwan and Vietnam as markets with high growth potential, where we would like to set up our presence in.

OUR CENTRES

ISEC KL

Established in 2007, ISEC KL is an ambulatory surgical centre with 12 full-time ophthalmologists and two visiting consultant ophthalmologists. Spread over approximately 23,000 square feet at Centrepoint South Mid Valley, ISEC KL is fully integrated with electronic patient medical record system and equipped with state-of-the-art ophthalmic facilities. The centre features 15 consultation rooms, five laser suites, four operating theatres, executive suites and full general anaesthetic services. In 2009, ISEC KL was the first eye ambulatory surgical centre to obtain the prestigious Joint Commission International ("JCI") accreditation in the South East Asia and Far East Region.

ISEC PENANG

ISEC Penang opened in early 2014 with a newly renovated centre housing up-to-date diagnostic and surgical equipment to provide the latest eye care services in a contemporary setting. ISEC Penang has three full-time ophthalmologists at its approximately 9,500 square feet centre, which is equipped with four clinic consultation rooms, two optometry rooms, two operating theatres, two treatment rooms as well as various facilities for visual field testing, laser treatment and angiography.

ISEC SINGAPORE – MOUNT ELIZABETH NOVENA SPECIALIST CENTRE

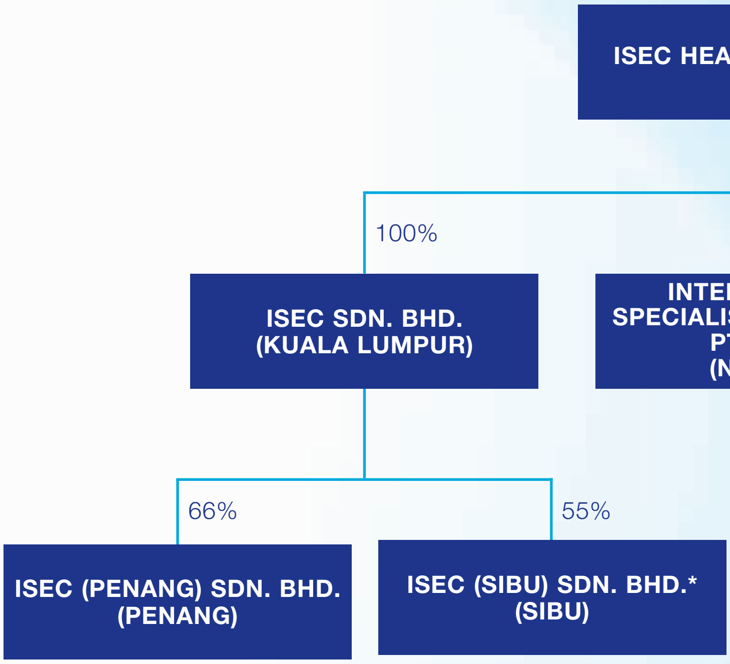
We expanded our reach in Singapore by opening our new clinic located at Mount Elizabeth Novena Hospital in August 2014 with three full-time ophthalmologists. ISEC Singapore, which occupies an area of approximately 3,200 square feet, is equipped with modern ophthalmology equipment and facilities such as Alcon's latest Wavelight® Refractive Suite, an oculoplastics and facial aesthetics surgery suite, adult and paediatric glaucoma screening and treatment tools and other state-of-the-art investigative tools.

ISEC EYE – GLENEAGLES HOSPITAL

The Lee Hung Ming ("LHM") Companies[1] have been providing specialist medical ophthalmology services to LHM Eye Centre located at Gleneagles Hospital since 2007. ISEC Eye acquired the business of the LHM Companies as part of the Restructuring Exercise during our Initial Public Offering (IPO). In August 2014, ISEC Eye entered into a service agreement with Parkway Hospitals Singapore Pte. Ltd. ("PHS") in relation to the provision of specialist medical ophthalmology services by ISEC Eye to PHS in relation to LHM Eye Centre. Helmed by our Executive Vice Chairman, Dr Lee Hung Ming, the approximately 2,300 square feet centre is equipped with advanced ophthalmology equipment and facilities.

[1] LHM Companies comprise Lee HM & Co Pte. Ltd., Singapore LASIK Hub Pte. Ltd., Perfect Vision Eye Centre Pte. Ltd. and Lee Hung Ming Eye Centre Pte. Ltd., each wholly-owned by Dr Lee Hung Ming before the restructuring exercise.

GROUP STRUCTURE



* ISEC (Sibu) Sdn. Bhd. was incorporated on 20 March 2015

CORPORATE MILESTONES

2007

JANUARY
ISEC KL was founded by seven specialist eye doctors including Dr Wong Jun Shyan

MAY
Dr Lee Hung Ming, in collaboration with Parkway Hospitals Singapore Pte. Ltd., spearheaded Lee Hung Ming Eye Centre (then known as Parkway Eye Centre) at Gleneagles Hospital, Singapore

2008

JANUARY
Official opening of ISEC KL as the first private comprehensive tertiary eye centre in Malaysia

2009

FEBRUARY
ISEC KL was awarded the international JCI accreditation, making it the first eye care centre in the South East Asia and Far East Region to receive the prestigious certification

APRIL
Collaborated with CIBA VISION® to launch CIBA VISION® Academy for Eye Care Excellence, which provides professional education to eye care professionals

2010

MAY
Dr Lee Hung Ming successfully treated presbyopia using IntraCor laser treatment, the then cutting-edge technology in South East Asia

CORPORATE MILESTONES

2012

APRIL

ISEC KL successfully completed an innovative surgery, cultivated oral mucosa epithelial transplantation ("COMET"), a revolutionary eye treatment involving stem cells, performed by Dr Then Kong Yong

ISEC KL successfully treated patients with presbyopia using supracor LASIK, the then latest technology, performed by Dr Choong Yee Fong

Dr Lee Hung Ming successfully performed bladeless cataract surgery using the then latest technology, femtosecond laser

MAY

ISEC KL renewed its JCI accreditation status

SEPTEMBER

Dr Lee Hung Ming successfully performed bladeless LASIK using the 5th generation 150 kHz IFS laser for LASIK (Advanced Medical Optics' most advanced femtosecond laser technology)

2014

FEBRUARY

ISEC Penang soft opening

AUGUST

ISEC Singapore soft opening

OCTOBER

Successful listing of ISEC Healthcare on Catalist board of SGX-ST

NOVEMBER

Official opening of ISEC Penang by the Chief Minister of Penang YB. Lim Guan Eng

2015

JANUARY

Entered into a joint venture agreement to incorporate ISEC (Sibu) Sdn. Bhd. in Sarawak, Malaysia

MESSAGE TO SHAREHOLDERS

The Group has turned in a commendable set of results for FY2014, to achieve a 25.4% increase in revenue to S$22.0 million compared to S$17.5 million a year ago

DEAR SHAREHOLDERS,

It is our pleasure to present you with ISEC Healthcare's inaugural annual report for the financial year ended 31 December 2014 ("FY2014"), following our trading debut on the Catalist board of the SGX-ST on 28 October 2014. We are extremely heartened by your support for our initial public offering ("IPO"), and would like to take this opportunity to welcome you as our shareholders and thank all of you for sharing our vision.

ISEC, which stands for International Specialist Eye Centre, was formed by seven eye specialist doctors including our Chief Executive Officer, Dr Wong Jun Shyan, in 2007 in Kuala Lumpur, Malaysia. Together with Dr Lee Hung Ming, Executive Vice Chairman of the Group, who also started his private practice in 2007 at Gleneagles Hospital in Singapore, we incorporated ISEC Healthcare with the vision to list the Company and to steer it into a reputable regional player in the medical eye care space.

We believe that the listing in Singapore, given the stable Singapore dollar and strong corporate governance code, will provide a sound platform to aid the Group in our expansion in Asia Pacific.

FINANCIAL PERFORMANCE

The Group has turned in a commendable set of results for FY2014, to achieve a 25.4% increase in revenue to S$22.0 million compared to S$17.5 million a year ago. Malaysia operations contributed S$20.3 million to the Group's revenue compared to S$17.5 million in the financial year ended 31 December 2013 ("FY2013"), boosted by an increase in number of patient visits as well as an upward revision of service fees. In FY2013, there was no revenue contribution from Singapore operations as ISEC Singapore only started operations in August 2014 and ISEC Eye was acquired by the Group in September 2014.

Correspondingly, gross profit jumped 39.5% to S$9.6 million compared to S$6.9 million in FY2013. Gross profit margin rose 4.4 percentage point to 43.6% in FY2014 due to an upward revision of services pricing and the inclusion of contribution from ISEC Eye which was partially offset by start-up losses from ISEC Singapore.

Net profit registered a 17.9% decline in FY2014 to S$1.9 million compared to S$2.3 million in FY2013, largely attributable to the one-time listing expenses of S$1.4 million, recruitment of new staff to support the Group's growing business activities, set-up costs and rental of premises for the Group's new corporate office in Singapore and ISEC Singapore. Excluding the non-recurring IPO expenses and amortisation of intangibles of S$0.1 million, the Group would have recorded a 50.2% year-on-year increase in net profit to S$3.5 million, mainly due to higher revenue from the Malaysia operations and contribution from ISEC Eye.

Since our listing, the Malaysia Ringgit has softened against the Singapore Dollar. As a portion of the Group's revenue is derived from Malaysia, the foreign exchange loss has impacted our financial position, and the Group will continue to monitor the situation closely.

EXPANDING NETWORK TO SHAPE FUTURE GROWTH

The ISEC brand has been about bringing high quality, compassionate and world-class eye care at affordable levels to our local and regional patients. To attest to our quality of care, it was with a great sense of pride that ISEC KL obtained the international JCI accreditation in 2009, becoming the first eye care centre in the South East Asia and Far East Region to receive this prestigious certification.

We are also backed by a strong team of specialist doctors who are at the cutting-edge of new technologies and procedures relating to eye care in the region. Each has over 15 years of clinical experience and many are key opinion leaders in their respective subspecialty fields of ophthalmology.

MESSAGE TO SHAREHOLDERS

In 2014, with an eye on the Group's IPO, we expanded our footprint in Malaysia and Singapore with ISEC Penang and ISEC Singapore.

Over the years, the Group has built a robust business model and we intend to further strengthen our brand and expand our market share in new locations through accretive acquisitions, joint ventures or setting up of new subsidiaries.

In addition to the opening of the two eye centres in 2014, we also intend to expand into other cities in Malaysia such as Johor Bahru, Melaka, and the East Coast and East Malaysia.

Taking our first step in our expansion plans since listing, the Group has, in January 2015, entered into a joint venture agreement with two independent third parties to incorporate a joint venture company, ISEC (Sibu) Sdn. Bhd. ("ISEC Sibu"). ISEC Sibu has been established to operate and administer an ophthalmology centre of excellence in the city of Sibu, State of Sarawak in Malaysia. The two independent partners, Professor Dr Chua Chung Nen and Dr Ngo Chek Tung, are also medical practitioners and licensed to practice ophthalmology in the State of Sarawak.

Other sources of organic growth will include the growing private healthcare insurance coverage market and medical tourism. A few of ISEC centres are already included on the panels of major insurance companies such as AIA, Prudential and Great Eastern. With growing affluence in the region leading to higher uptake of private healthcare insurance, and as patients tend to select healthcare providers on their insurers' panels, we expect this business to grow.

Singapore and Malaysia are already prime destinations for medical tourism and the Group currently receives about 20-30% of our patients from overseas. The Group believes that we can further expand this segment and has established a network of referral centres overseas that can refer patients needing more complicated surgical procedures or specialists in different subspecialties to our centres.

Regionally, the Group has identified China, India, Indonesia, Myanmar, the Philippines, Taiwan and Vietnam as markets with high growth potential – large populations and a growing percentage of private healthcare spending. The Group aims to expand our regional business to a size where there is a healthy and diverse mix of revenue streams from various geographical markets.

For our plans to pan out, the Group will continue to grow our talent pool and stay at the forefront of the ophthalmology services industry by driving innovation and adopting cutting-edge procedures and technology to offer our patients the best possible treatments.

DIVIDEND

The Board has proposed a first and final dividend of 0.11 Singapore cents per ordinary share for FY2014, translating to a dividend payout ratio of 25.6% of net profit attributable to shareholders.

APPRECIATION

In closing, we would like to express our sincerest gratitude to all our stakeholders, each a vital cog in the ISEC Healthcare wheel.

To our specialist doctors, clinical staff and management, we thank you for your unwavering dedication toward patient care and your commitment to the Group. To our business partners, your invaluable contributions and continued support has been vital for the progress and sustainability of the Group. To our new shareholders, we would like to thank you for the trust and confidence you have put in us as well as sharing our vision to become a high-quality, compassionate and world-class eye care service provider in the region.

Sitoh Yih Pin
Non-Executive Chairman and Independent Director

CORPORATE INFORMATION

REGISTERED OFFICE
101 Thomson Road
#09-04 United Square
Singapore 307591

BOARD OF DIRECTORS
MR SITOH YIH PIN
Non-Executive Chairman and Independent Director

DR LEE HUNG MING
Executive Vice Chairman

DR WONG JUN SHYAN
Executive Director and Chief Executive Officer

PROFESSOR LOW TECK SENG
Independent Director

MR LIM WEE HANN
Independent Director

AUDIT COMMITTEE
MR SITOH YIH PIN, Chairman
PROFESSOR LOW TECK SENG
MR LIM WEE HANN

NOMINATING COMMITTEE
PROFESSOR LOW TECK SENG, Chairman
MR SITOH YIH PIN
MR LIM WEE HANN

REMUNERATION COMMITTEE
MR LIM WEE HANN, Chairman
MR SITOH YIH PIN
PROFESSOR LOW TECK SENG

COMPANY SECRETARY
MR YOO LOO PING

SPONSOR
PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

SHARE REGISTRAR AND SHARE TRANSFER OFFICE
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

AUDITORS
BDO LLP
21 Merchant Road
#05-01
Singapore 058267
Partner-in-charge: Mr Leong Hon Mun Peter
(since financial year 2013)

INVESTOR RELATIONS
ir@isechealthcare.com

WEBSITE
http://www.isechealthcare.com

FINANCIAL HIGHLIGHTS

Audited financial information

FY2011, FY2012 and FY2013 figures only consist of financial results of ISEC Sdn. Bhd. and its subsidiaries in Malaysia.

FY2014 figures consist of:

- Financial results of ISEC Sdn. Bhd. and its subsidiaries in Malaysia and financial results of ISEC Healthcare Ltd., International Specialist Eye Centre Pte. Ltd. (which was set up in August 2014) and ISEC Eye Pte. Ltd. ("ISEC Eye") (the acquisition of which was completed on 26 September 2014) in Singapore.

Unaudited pro forma financial information

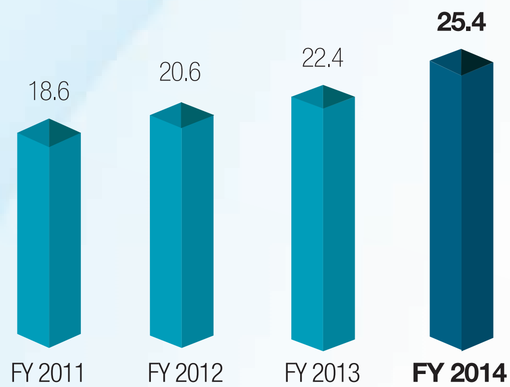
Prepared based on:

- ISEC Eye acquisition of LHM Companies was assumed to have taken place since 1 January 2011; and
- Acquisition of ISEC Eye by ISEC Healthcare Ltd. was assumed to have taken place since 1 January 2011.

REVENUE (S$'m)

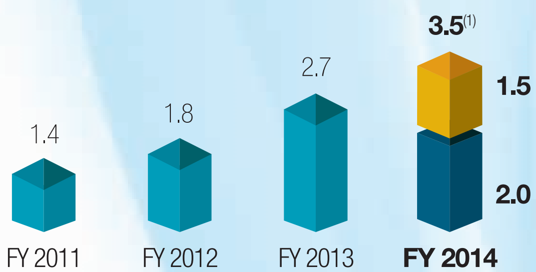
Audited

Unaudited Pro Forma

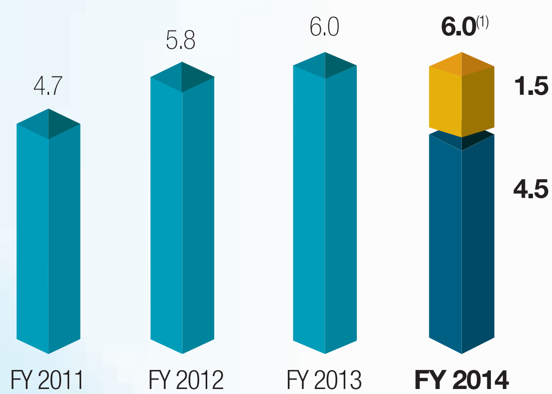


PROFIT ATTRIBUTABLE TO SHAREHOLDERS (S$'m)

Audited



Unaudited Pro Forma



[1] Adjusted after adding back IPO expenses of S$1.4 million and amortisation of intangibles of S$133,000.

FINANCIAL REVIEW

Income Statement – A Transformational Year

FY2014 was a transformational year for the Group as it posted a record revenue of S$22.0 million, an increase of 25.4% from S$17.5 million in FY2013.

This was achieved on the back of a solid performance by the Group's Malaysia operations which saw a 15.6% rise in revenue contribution to S$20.3 million from S$17.5 million in FY2013. The sales improvement was mainly underpinned by increase in the number of patient visits and an upward revision of patient fees at its Malaysian clinics. The Group's Malaysia operations accounted for 92.1% of its FY2014 revenue compared to 100% a year ago.

There was no revenue contribution from the Group's Singapore operations in FY2013 as income streams from ISEC Singapore and ISEC Eye only came on line in the second half of FY2014, post-start up and post-acquisition respectively. In FY2014, the Group's Singapore operations contributed S$1.7 million or 7.9% of its total revenue.

As a result of its record topline, the Group's gross profit increased 39.5% to S$9.6 million in FY2014 from S$6.9 million in FY2013. Additionally, despite start-up losses from ISEC Singapore, the Group's increase in the number of patient visits coupled with the inclusion of ISEC Eye's results led to a 4.4 percentage point increase in its gross profit margin to 43.6% in FY2014 from 39.2% a year ago.

During FY2014, cost of sales rose 16.4% to S$12.4 million from S$10.7 million in FY2013. This was in line with the Group's expanding operations in Singapore and Malaysia and the recruitment of additional doctors to support its new clinic in Singapore, which commenced operations in August 2014.

Additional costs were incurred by the Group due to intensified marketing and advertising efforts to promote the ISEC brand and the hiring of support staff in Singapore in FY2014. Consequently, selling and distribution expenses increased 41.0% to S$174,000 in FY2014 from S$123,000 in FY2013. At the same time, administrative expenses also increased 85.0% to S$6.1 million in FY2014 from S$3.3 million in FY2013. The bulk of this expense came from the Group's listing expenses, which amounted to S$1.4 million, while the balance came from a combination of factors that included the recruitment of additional staff to support the Group's growing business activities, set-up costs and rental of premises for the new corporate office and ISEC Singapore. Other expenses mainly consisted of an amortisation charge of S$133,000 relating to intangible assets arising from the acquisition of ISEC Eye.

Primarily as a result of higher administrative expenses arising from the one-off listing expenses, the Group's profit before tax dipped 4.8% to S$3.1 million in FY2014 from S$3.3 million in FY2013.

The Group's income tax expense rose 26.1% to S$1.2 million in FY2014 from S$1.0 million in FY2013 as it incurred effective tax rates of 39.6% in FY2014 and 29.9% in FY2013, which were higher than the respective statutory corporate tax rates of 17% in Singapore and 25% in Malaysia where the Group operates. This was mainly due to expenses not allowable for tax deductions incurred by operations in Malaysia and the absence of tax credit recognised for the losses incurred in the Company and ISEC Singapore during FY2014.

As a result of the above factors, the Group reported a 17.9% decline in net profit to S$1.9 million in FY2014 compared to S$2.3 million in FY2013 while its net profit margin decreased 4.6 percentage point to 8.6% from 13.2%. In terms of geographical markets, Malaysia operations achieved a net profit of S$3.7 million in FY2014, compared to S$2.3 million in FY2013, while Singapore operations made a loss of S$1.8 million in FY2014.

Balance Sheet – Healthy Financial Position

The Group maintained a healthy financial position in FY2014 with total assets of S$48.1 million, total liabilities of S$4.4 million and debt-free as at 31 December 2014. This compared to total assets and total liabilities of S$6.5 million and S$4.2 million respectively as at 31 December 2013.

The Group's non-current assets rose S$14.9 million to S$17.5 million as at 31 December 2014 from S$2.6 million as at 31 December 2013. This was mainly due to the set-up of its new clinic and corporate office in Singapore, as well as intangible assets of S$13.2 million, comprising intangible assets of S$5.2 million and goodwill of S$8.0 million, arising from the acquisition of ISEC Eye.

Intangible asset of S$5.2 million relates to the fair value assigned to the service agreement dated 26 August 2014 entered into between ISEC Eye and PHS for services to be performed by Dr Lee Hung Ming. The residual goodwill of S$8.0 million as at 31 December 2014 was derived based on

FINANCIAL REVIEW

the fair value purchase consideration of S$16.1 million paid for the acquisition of ISEC Eye, less the share of net assets at book value of S$3.7 million and the fair value of the PHS service agreement of S$4.4 million (net of deferred tax liability of S$0.9 million).

Current assets of the Group, comprising mainly trade and other receivables and cash and cash equivalents, also increased substantially to $30.6 million as at 31 December 2014 from S$3.9 million as at 31 December 2013. This was mainly due to the increase in cash and cash equivalents arising from both the receipt of IPO proceeds and cash proceeds upon the acquisition of ISEC Eye by the Company. Meanwhile, trade and other receivables rose by S$1.4 million to S$2.6 million as at 31 December 2014 mainly due to an increase in trade receivables corresponding to the Group's revenue increase, and total net goods and services tax receivable by the Company and ISEC Singapore.

The Group's non-current liabilities amounted to S$1.2 million as at 31 December 2014 compared to nil as at 31 December 2013. It recorded S$0.9 million for the provisions of deferred tax liability from the acquisition of ISEC Eye, and S$0.2 million for the provision for reinstatement costs.

Current liabilities of the Group amounted to S$3.3 million as at 31 December 2014 compared to S$4.2 million as at 31 December 2013. The decrease of approximately S$1.0 million was mainly due to the decrease in bank borrowings as ISEC Penang had fully settled its overdraft facilities of S$0.7 million in the course of the year.

In FY2014, the Group's equity attributable to owners of the parent stood at S$43.9 million compared to S$2.4 million a year ago. The S$41.5 million rise in equity was mainly attributable to the increase in share capital following the completion of the Company's restructuring exercise and IPO exercise.

A Review of the Statement of Cash Flows

As at 31 December 2014, the Group had a healthy cash and cash equivalents balance of S$27.3 million as compared to S$1.4 million of cash and cash equivalents, net of bank overdraft facilities, as at 31 December 2013.

The Group reported net cash from operating activities in FY2014 amounting to S$2.5 million, a decrease of S$150,000 compared to S$2.6 million in FY2013. Profit before tax was S$158,000 lower compared to that in FY2013. Income tax payment of S$1.6 million was made by ISEC KL, compared to S$556,000 made in FY2013. These factors were offset by a net working capital inflow of S$0.2 million recorded in FY2014 (compared to net working capital outflow of S$1.1 million in FY2013).

Net cash generated from investing activities accounted for S$1.8 million of the total increase in cash and cash equivalents in FY2014. The acquisition of ISEC Eye contributed S$3.8 million of cash proceeds to the Group which was offset by cash outflows of approximately S$2.3 million for the purchase of plant and equipment mainly by ISEC Singapore.

Net cash from financing activities amounted to S$21.7 million in FY2014, mainly as a result of the receipt of cash proceeds of S$5.5 million from pre-IPO share issuance, S$19.6 million from additional share issuance pursuant to the IPO exercise and offset by share issue expenses of S$1.6 million, and dividends paid by ISEC KL in respect of FY2013 of S$1.8 million.

BOARD OF DIRECTORS

1. MR SITOH YIH PIN, 51

NON-EXECUTIVE CHAIRMAN AND INDEPENDENT DIRECTOR

Mr Sitoh Yih Pin is our Non-Executive Chairman and Independent Director and was appointed to our Board on 29 September 2014. He is also the Chairman of our Audit Committee and a member of both our Nominating and Remuneration Committees.

Mr Sitoh is a Chartered Accountant and the Chairman of Nexia TS Public Accounting Corporation. Mr Sitoh is the Member of Parliament of Potong Pasir Constituency.

He also sits on the Board of several publicly listed companies comprising Allied Technologies Limited, Lian Beng Group Ltd, Talkmed Group Limited and United Food Holdings Limited. Mr Sitoh was also the director of several publicly listed companies in the preceding five years including Chinasing Investment Holdings Limited, Meiban Group Pte Ltd, Nera Telecommunications Ltd and PNE Micron Holdings Ltd.

Mr Sitoh holds a Bachelor of Accountancy (Honours) degree from the National University of Singapore and is a Fellow member of both the Institute of Chartered Accountants in Australia and the Institute of Singapore Chartered Accountants.

2. DR LEE HUNG MING, 51

EXECUTIVE VICE CHAIRMAN

Dr Lee Hung Ming is our Executive Vice Chairman and was appointed on 2 January 2014. Dr Lee was an ex-officio member of our Medical Board, and Centre Director of Lee Hung Ming Eye Centre since 2007.

Dr Lee is a Senior Consultant Ophthalmologist, currently spearheading Lee Hung Ming Eye Centre at Gleneagles Hospital. He is a renowned LASIK and cataract specialist and is considered a key opinion leader in his fields of subspecialty, namely cornea, refractive surgery, cataract and implant surgery.

Dr Lee has sat on the Board of various professional associations and he has also received various awards, including the A.C.E. Award in 2003 for excellence in training and education of eye surgeons in the Asia Pacific region by the Asia Pacific Society of Cataract and Refractive Surgery and the International Gold Medal in 2011 by the Indian Intraocular Implant and Refractive Society for outstanding contribution in the field of ophthalmology.

Dr Lee graduated from the National University of Singapore with a Bachelor of Medicine and Bachelor of Surgery in 1989. He has also obtained his Master of Medicine in Ophthalmology from the Graduate School of Medical Studies, National University of Singapore, FRCS Fellowship from the Royal College of Edinburgh Scotland and FAMS (Ophth) Fellowship from the Academy of Medicine, Singapore.

3. DR WONG JUN SHYAN, 49

EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

Dr Wong Jun Shyan is our Executive Director and Chief Executive Officer and was appointed on 2 January 2014. Dr Wong was an ex-officio member of our Medical Board, and also one of the founding members of ISEC KL. He has been a Consultant Ophthalmologist at ISEC KL since 2007. He is considered a key opinion leader in his fields of subspecialty and Honorary Part Time Lecturer for the Department of Optometry, Faculty of Allied Health Sciences in Universiti Kebangsaan Malaysia.

Dr Wong sat on the Board of various professional associations, amongst others, as Vice-Chairman of the Ophthalmologic Society of Malaysian Medical Association and Chairman of the Malaysian Small Incision Surgery (MASIS) Panel. He was also a recipient of the American Academy of Ophthalmology Leadership Development Programme in 2006. Dr Wong has been a Fellow of the Royal College of Surgeons of Edinburgh since 1996 and a member of The Retina Society of the USA since 2007.

Dr Wong graduated from the National University of Singapore with a Bachelor of Medicine and Bachelor of Surgery in 1991 and obtained his Master of Medicine (Ophthalmology) in 1996. He completed his residency as Chief Resident in Ophthalmology at the National University Hospital Singapore and continued as Registrar and was a Retina Fellow at the Singapore National Eye Centre. Dr Wong then pursued clinical fellowships in VitreoRetinal (VR) Disease at The Royal Victorian Eye and Ear Hospital, University of Melbourne, the Beetham Eye Institute of Joslin Diabetes Centre, Boston, the Department of Ophthalmology at Harvard Medical School and the Massachusetts Eye and Ear Infirmary, Beth Israel Deaconess Medical Centre and Brigham and Women's Hospital.

BOARD OF DIRECTORS

4.

5.

4. PROFESSOR LOW TECK SENG, 60

INDEPENDENT DIRECTOR

Professor Low Teck Seng is our Independent Director and was appointed to our Board on 29 September 2014. He is also the Chairman of our Nominating Committee and a member of both our Audit and Remuneration Committees.

Professor Low is currently the Chief Executive Officer of the National Research Foundation, Singapore. He is a tenured Professor at the National University of Singapore and Nanyang Technological University, and sits on the Board of publicly listed companies, including Singapore Post Limited and Excelpoint Technology Ltd. His previous Board appointments include Frencken Group Limited and Innotek Limited.

Prior to his appointment at the National Research Foundation, Professor Low was the Managing Director of A*STAR from 2009 to 2012. Between 2008 and 2009, Professor Low was Group Senior Vice President and Chief Executive Officer of Parkway Education (a subsidiary of Parkway Heath Group). He also sat on the Board of the Health Science Authority in Singapore from 2004 to 2010.

Professor Low was the founding Director of the Data Storage Institute from 1992 to 1998. From 1998 to 2000 he served as Dean of Engineering at the National University of Singapore and from 2002 to 2008 he was the founding Principal of Republic Polytechnic.

In 2007, Professor Low was awarded the Public Administration Medal (Gold) by the President of Singapore for his outstanding contributions to the development of technical education and management of science and technology for the nation. He was awarded the National Science and Technology Medal, Singapore's highest honour for science and technology, in 2004 for his distinguished, sustained and exceptional contributions through the promotion and management of research and development. Professor Low is a fellow of Institute of Electrical and Electronics Engineers. In 2009, he was conferred the Honorary Doctor of Science by Southampton University in recognition of his contributions to Singapore and his profession internationally.

Professor Low graduated with First Class Honours in Electrical & Electronic Engineering in 1978 from Southampton University and subsequently received his PhD from the same university in 1982.

5. MR LIM WEE HANN, 48

INDEPENDENT DIRECTOR

Mr Lim Wee Hann is our Independent Director and was appointed to our Board on 29 September 2014. He is also the Chairman of our Remuneration Committee and a member of both our Audit and Nominating Committees.

Mr Lim currently practises as an advocate and solicitor and is an Equity Partner, Co-Head of the Mergers & Acquisitions Practice Group at Rajah & Tann Singapore LLP and Executive Committee Member of Rajah & Tann LCT Lawyers. He is also called to the Malaysian Bar and is an Equity Partner of Messrs Christopher & Lee Ong, the Malaysian member firm of Rajah & Tann Asia.

Mr Lim has over 23 years of experience in the legal sector and specialises in cross-border investments, private mergers and acquisitions and other corporate transactions, labour and employment law, and also has significant biotechnology, health and pharmaceutical practice background. He currently also sits on the Board of A. Menarini Asia-Pacific Holdings Pte. Ltd., part of Menarini group, the largest Italian multinational biopharmaceutical company.

Mr Lim is a member of the Law Society of Singapore, the Singapore Academy of Law and the Bar Council of Malaysia. He graduated from the National University of Singapore with a Bachelor of Law (Honours) in 1990.

EXECUTIVE OFFICERS

DR FANG SENG KHEONG, 53
CHAIRMAN OF MEDICAL BOARD

Dr Fang Seng Kheong is the Chairman of our Medical Board and is one of the founding members of ISEC KL and has been a Consultant Ophthalmologist in our Group since 2007. Dr Fang is currently the President of the Malaysian Society of Ophthalmology (MSO).

Prior to joining our Group, Dr Fang was a Consultant Ophthalmologist and Glaucoma Specialist at The Tun Hussein Onn National Eye Hospital in Petaling Jaya, Selangor from 1999 to 2007. Between 1995 and 1999, he was a Consultant Ophthalmologist and Chief of Glaucoma Service at Hospital Kuala Lumpur.

Dr Fang has been a life member of the Malaysian Medical Association since 1992 and is also a member of numerous medical associations including the College of Surgeons Malaysia, College of Ophthalmologist, Academy of Medicine Malaysia, American Academy of Ophthalmology and Asia-Pacific Glaucoma Society where he has been the Honorary Secretary since 2012. He is also a founding member of the Malaysian Society of Ophthalmology.

Dr Fang graduated with a Bachelor of Medicine and Bachelor of Surgery from University of Malaya in 1986. In 1994, he obtained his Masters in Surgery (Ophthalmology) from the National University of Malaysia (Universiti Kebangsaan Malaysia).

DR CHOONG YEE FONG, 45
KUALA LUMPUR CENTRE DIRECTOR

Dr Choong Yee Fong is one of the founding members of ISEC KL and is the Medical Director of our Kuala Lumpur Centre. He has been a Consultant Ophthalmologist in our Group since 2007 and is a Visiting Consultant Ophthalmologist at Gleneagles Kuala Lumpur, Malaysia.

A key opinion leader in the subspecialty fields of adult strabismus and paediatric ophthalmology and refractive cataract surgery, Dr Choong received the British High Commissioner's Award, a prestigious academic scholarship for medical studies in 1990. Therefrom, he continued to receive various awards and recognition throughout his medical studies and was awarded the Welsh Office Research and Development Grant by the Government of Wales in 2001.

Dr Choong is currently a member of the Academy of Medicine Malaysia, the Malaysia Medical Association and a founding member of the World Society of Paediatric Ophthalmology and Strabismus.

Dr Choong graduated with a Bachelor of Medicine and Bachelor of Surgery from the University of Leeds, United Kingdom in 1995. He has been a Fellow of the Royal College of Ophthalmologists, London, United Kingdom since 1998.

DR ALAN ANG, 42
PENANG CENTRE DIRECTOR

Dr Alan Ang joined our Group in October 2012 and is the Medical Director of our Penang Centre. He specialises in both cataract and vitreoretinal surgery and is considered a key opinion leader in his field of subspecialty.

Prior to joining us, Dr Ang was a Consultant Vitreoretinal Surgeon at the Royal Hollamshire Hospital in Sheffield, United Kingdom. Between 2004 and 2005, Dr Ang completed his Vitreoretinal Fellowship at Addenbrooke's Hospital in Cambridge and Oxford Radcliffe Infirmary. He is also a member of the United Kingdom Ireland Society of Cataract and Refractive Surgery and the European Society of Cataract and Refractive Surgery.

Dr Ang graduated with a Bachelor of Medicine, Bachelor of Surgery and Bachelor of Obstetrics from Queen's University of Belfast, United Kingdom in 1996. He has been a Fellow of the Royal College of Ophthalmologists, London, United Kingdom since 1999 where he received his Certificate of Specialist Training in Ophthalmology in 2004.

EXECUTIVE OFFICERS

DR CORDELIA CHAN, 46
SINGAPORE CENTRE DIRECTOR

Dr Cordelia Chan is the Singapore Centre Director and joined our Group in August 2014. She is the immediate former Head of the Refractive Surgery Service of the Singapore National Eye Centre (SNEC), and is currently a Visiting Senior Consultant there. Her areas of subspecialisation are in Cataract, Refractive Surgery and Cornea & External Eye Disease.

Dr Chan graduated from the National University of Singapore with a Bachelor of Medicine and Bachelor of Surgery in 1991 and received her Master of Medicine from the National University of Singapore in 1996. She has been a Fellow of the Royal College of Surgeons of Edinburgh since 1996. In 1999, she was admitted as Fellow, Academy of Medicine, Singapore.

Dr Chan has won numerous local and international awards in her career, including the Asia Pacific Academy of Ophthalmology (APAO) Distinguished Service Award in 2014, for her contributions to clinical service and the advancement of ophthalmic care in the Asia Pacific region.

Over the years, Dr Chan has mentored, proctored and trained both local and international ophthalmologists in cataract surgery, LASIK, cornea transplantation, pterygium surgery, ReLEx SMILE, Implantable Contact Lens (ICL) insertion and other surgical procedures. She remains a key opinion leader and continues to do research and conduct teaching courses in these areas. She has been invited to speak on many occasions in international meetings including those of the American Society of Cataract and Refractive Surgery (ASCRS), European Society of Cataract and Refractive Surgery (ESCRS), Asia-Pacific Academy of Cataract and Refractive Surgery (APACRS), Asia-Pacific Academy of Ophthlamology (APAO), Asia Cornea Society(ACS) and the World Ophthalmology Congress (WOC).

MS MACY THONG, 42
CHIEF FINANCIAL OFFICER

Ms Macy Thong is our Chief Financial Officer and joined the Group in April 2014 and is responsible for overseeing the finance and accounting functions of our Group.

Prior to joining the Group, Ms Thong held managerial roles in accounting and finance, corporate finance, administration, investors relations and corporate affairs for various companies that included OPTIMAX Eye Specialist Centre Sdn Bhd, Sena Diecasting Industries Sdn Bhd, Megan Media Holdings Berhad and Nirvana Asia Ltd. (formerly known as NV Multi Corporation Berhad). Ms Thong started her career with KPMG, Malaysia.

Ms Thong has been a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom, since 2005 and has been a Member of the Malaysia Institute of Accountants since 2001. Ms Thong graduated from Tunku Abdul Rahman College (TARC) Malaysia with a Diploma in Commerce (Financial Accounting) in 1996.

CORPORATE SOCIAL RESPONSIBILITY

As a provider of eye care services and now a newly listed company, we take our CSR commitment very seriously by offering our medical expertise responsibly and generously.

COMMITMENT TO PATIENTS

As part of our Group's Service Quality Control, we emphasise on providing quality eye care that is in line with the highest safety standards.

ISEC KL became the first eye care centre in the South East Asia and Far East Region to obtain the prestigious JCI accreditation in 2009, which was subsequently renewed in 2012. This is a testament to the Group's continuous commitment to safety and quality of care. In addition, to offer our patients the best care possible, our specialist doctors constantly update themselves with the latest in medical technology advancements.

We also have an internal medical board to implement and govern the compliance code of ethics of specialist doctors within the Group, oversee patients' interests, govern internal disciplinary matters, manage research and training of the medical staff and monitor the medical outcome and audit programmes.

COMMITMENT TO EMPLOYEES

We recognise that people are our most valuable resources, and we are committed to providing them with a Human Resource framework that will ensure a rewarding and fulfilling career.

We constantly upgrade the proficiencies of our employees to ensure our services rendered are at a high and consistent level and also encourage them to acquire new skills to improve their job competency.

COMMITMENT TO THE COMMUNITY

We understand that as medical practitioners we have an obligation to the community and the ability to make a difference.

ISEC Healthcare conducts clinical trials from time to time to seek new solutions, methods and technologies that will enhance medical eye care. We are currently conducting collaborative clinical trials with international pharmaceutical companies on glaucoma intervention and age-related macular degeneration therapeutic outcomes. Past collaborations that we have successfully completed include a surgical trial on a glaucoma drainage device for USA's Food and Drug Administration, a clinical trial on eye drops for treating patients with open-angle glaucoma or ocular hypertension and several contact lens trials.

Some of our specialist doctors are also actively involved in the development of eye care equipment and technology by sitting on advisory boards of key corporations including Bayer Healthcare, Alcon Laboratories, Novartis, Ophthalmic and Allergan Inc.

In Malaysia, the Group engages in public education, free professional development programmes for optometrists and opticians and provides free eye screening and pro bono eye care programmes. ISEC KL has been providing free diabetic eye screening and subsidised care for patients from the Sau Seng Lum Foundation, a charity clinic, since 2009. ISEC KL also provides pro bono teaching and training programme for the optometrist students from the Faculty of Allied Health Universiti Kebangsaan Malaysia and SEGi University. In Singapore, Dr Lee Hung Ming is involved in Khazanah IHH Healthcare Fund's "Vision of Hope" programme, which offers free cataract surgery to elderly patients.

COMMITMENT TO SHAREHOLDERS

We are fully committed to engage in an open two-way communication with the investment community to keep them updated with transparent, timely and accurate information. Since our listing in October 2014, we have maintained a dedicated investor relations section on our corporate website with easy access to our latest corporate announcements, press releases and presentation slides which were also posted on SGXNET, and conducted an analyst briefing for our 3Q2014 results and small group meetings upon request.

REPORT ON CORPORATE GOVERNANCE

The Board of Directors (the "**Board**") and the management (the "**Management**") of ISEC Healthcare Ltd. (the "**Company**" or together with its subsidiaries, the "**Group**") are committed to maintain a high degree of corporate governance and transparency for the benefit of all its stakeholders. For the financial year ended 31 December 2014 ("**FY2014**"), the Board and Management are pleased to confirm that the Company has adhered to the principles and guidelines of the Code of Corporate Governance 2012 (the "**Code**") where applicable, pursuant to Rule 710 of Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") issued by the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

This report outlines the Company's corporate governance processes and structure that were in place during FY2014, with specific reference to the principles and guidelines of the Code and the disclosure guide developed by the SGX-ST in January 2015 (the "**Guide**"). Where there is a deviation from the Code and/or the Guide, proper explanation has been provided.

(A) BOARD MATTERS

Principal 1 – The Board's Conduct of its Affairs

The Board oversees the corporate policy and overall strategy for the Group. The principal roles and responsibilities of the Board include:

- Oversees the overall strategic plans including sustainability and environmental issues as part of its strategic formulation, strategic human resources framework, and financial objectives of the Group; and
- Oversees and safeguards shareholders' interest and the Company's assets through a robust system of effective internal controls, risk management, financial reporting and compliance.

The Board is the highest authority of approval and specific functions of the Board are either carried out by the Board or through various committees established by the Board, namely, the Audit Committee (the "**AC**"), the Nominating Committee (the "**NC**") and the Remuneration Committee (the "**RC**") (collectively, the "**Board Committees**"). Each committee has the authority to examine issues relevant to their term of references and to make fair, proper and appropriate recommendations to the Board when required. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board. Matters that require the Board's approval include, amongst others, the following:

- Board authorization limits;
- Interested persons transactions exceeding S$100,000;
- Bank mandates and facilities;
- Appointment and re-election of Directors at general meeting;
- Salaries and benefits/allowances of the members of the Board and key management personnel;
- Share option and performance share schemes;
- Investments, mergers and acquisitions ("**M&A**") transactions and divestments;
- Independent valuation reports prior to making any investments, M&A transactions and divestments decision;
- Annual business strategy and the financial budget;
- Significant capital expenditure and purchase of major assets;
- Public announcements and responses to the SGX-ST/regulators;
- Dividend decisions;
- Auditor's reports if deemed satisfactory and free of material errors after review; and
- Composition of the Medical Board.

The Board conducts scheduled meetings on a quarterly basis. Additional meetings are convened as and when circumstances warrant. The Articles of Association of the Company (the "**Articles of Association**") allow Board meetings to be conducted via any form of audio or audio-visual communication. The Directors are free to discuss any information or views presented by any member of the Board and Management.

REPORT ON
CORPORATE GOVERNANCE

The Company adopts a policy which welcomes Directors to request for further explanations, briefings or informal discussions on any aspect of the Group's operations or business from the Management.

When necessary or appropriate, members of the Board exchange views outside the formal environment of board meetings. Each Board member is expected to objectively discharge his or her duties and responsibilities at all times as fiduciaries in the best interest of the Company.

The attendance record of each Director at meetings of the Board and Board Committees during the FY2014 is disclosed below:

	Board(1)	**AC**	**NC**	**RC**
Number of meetings held in FY2014(1)	1	1	–	1
Name of Director	**Number of meetings attended in FY2014**			
Sitoh Yih Pin	1	1	–	1
Dr Lee Hung Ming	1	1(2)	–	1(2)
Dr Wong Jun Shyan	1	1(2)	–	1(2)
Professor Low Teck Seng	1	1	–	1
Lim Wee Hann	1	1	–	1

Note:

(1) *As part of the Company's initial public offering ("**IPO**"), the Board and Management have attended additional verification meetings during FY2014. The Company held its first Board meeting on 5 December 2014, after its listing on 28 October 2014.*

(2) *Attended as an invitee.*

Newly appointed directors will be given briefings and orientation by the Executive Directors and Management to familiarise them with the businesses and operations of the Group. The newly appointed directors will also conduct a site visit at the Group's medical centers. Upon appointment, the Director will receive a letter of appointment setting out his/her duties and responsibilities.

The Directors may join institutes and group associations of specific interests, and attend relevant training seminars or informative talks from time to time so that they are in a better position to discharge their duties. The Company encourages the directors to attend courses in areas of directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act (Chapter 50) of Singapore (the "**Companies Act**") and industry-related matters, to develop themselves professionally, at the Company's expense.

For FY2014, briefings, updates and trainings for the Directors includes:

- briefing by Rajah & Tann Singapore LLP in connection with the preparation of the initial public offering, on Directors' role and responsibilities and the disclosure requirements of the Company pursuant to the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), the Catalist Rules and continuing obligations;
- briefing by the external auditors ("**EA**") on changes or amendments to accounting standards at the AC meetings;
- updates by the Company Secretary on proposed amendments to the Companies Act, and Catalist Rules, from time to time; and
- attendance by Dr Lee Hung Ming, Dr Wong Jun Shyan, and Mr Lim Wee Hann on course "Listed Company Director Essentials – Understanding the Regulatory Environment in Singapore: What Every Director Ought to Know" conducted by the Singapore Institute of Directors prior to the IPO.

REPORT ON CORPORATE GOVERNANCE

Principle 2 – Board Composition and Guidance

Currently, the Board comprises five (5) directors, as set out below. There are two Executive Directors namely Dr Lee Hung Ming who is the Executive Vice Chairman of the Company and Dr Wong Jun Shyan who is the Executive Director and Chief Executive Officer of the Company. The Non-Executive and Independent Directors comprise Mr Sitoh Yih Pin, Professor Low Teck Seng and Mr Lim Wee Hann.

Director	Designation	Date of Initial Appointment as Director	Date of Last Re-Election	AC	NC	RC
Sitoh Yih Pin(1)	Non Executive Chairman and Independent Director	29 September 2014	Nil	Chairman	Member	Member
Dr Lee Hung Ming(2)	Executive Vice Chairman	2 January 2014	Nil	–	–	–
Dr Wong Jun Shyan	Executive Director and Chief Executive Officer	2 January 2014	Nil	–	–	–
Professor Low Teck Seng(3)	Independent Director	29 September 2014	Nil	Member	Chairman	Member
Lim Wee Hann(4)	Independent Director	29 September 2014	Nil	Member	Member	Chairman

Notes:

(1) *Mr Sitoh Yih Pin will retire pursuant to Article 118 and is subject to re-election as a director at the forthcoming Annual General Meeting ("**AGM**") of the Company to be held on 24 April 2015.*

(2) *Dr Lee Hung Ming will retire pursuant to Article 114 of the Articles of Association of the Company and is subject to re-election as a director at the forthcoming AGM of the Company to be held on 24 April 2015.*

(3) *Professor Low Teck Seng will retire pursuant to Article 118 of the Articles of Association of the Company and is subject to re-election as a director at the forthcoming AGM of the Company to be held on 24 April 2015.*

(4) *Mr Lim Wee Hann will retire pursuant to Article 118 of the Articles of Association of the Company and is subject to re-election as a director at the forthcoming AGM of the Company to be held on 24 April 2015.*

The NC evaluates on an annual basis whether or not a Director is independent in accordance with the Code. The NC assessed the independence of each Director and had considered Mr Sitoh Yih Pin, Professor Low Teck Seng and Mr Lim Wee Hann to be independent.

Details of the Directors' qualifications and experiences are set out on pages 12 and 13 of this Annual Report.

The current Independent Directors have also confirmed their independence in accordance with the Code. Each member of the NC has abstained from deliberations in respect of the assessment of his own independence. There is no Independent Director who has served beyond nine years since the date of his first appointment.

For FY2014, the NC had reviewed the size and composition of the Board for effective decision making, taking into account factors such as the scope and nature of the operations of the Group and the core competencies of Board members in the fields of medical, accounting and finance, and professional legal services. The Non-Executive Directors are able to constructively challenge and assist in the development of the business strategies and in reviewing and monitoring of the Management's performance against set targets.

The Independent Directors may at any time meet separately without the presence of Management. For FY2014, no such meeting was held by the Independent Directors. However at the last AC meeting held in February 2015 to discuss the full year results of the Group, the Independent Directors had met the external auditors and internal auditors without the presence of Management.

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender. The current Board composition provides a diversity of skills, experience, and knowledge to the Company as follows:

Balance and Diversity of the Board		
	Number of Directors	**Proportion of Board**
Core Competencies		
– Accounting or finance related	1	20%
– Business and management experience	5	100%
– Engineering & Research and Development	1	20%
– Legal or corporate governance	3	60%
– Relevant industry knowledge	2	40%
– Strategic planning experience	5	100%

The Board will take the following steps to maintain or enhance its balance and diversity:

- Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
- Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

The NC will consider the results of these exercises in its recommendation for the appointment of new Directors and/or the re-appointment of incumbent Directors.

Principle 3 – Chairman and Chief Executive Officer

The roles of the Chairman and Chief Executive Officer (the "**CEO**") in the Company are separate. Mr Sitoh Yih Pin is our Non-Executive Chairman of the Board and is also our Independent Director. Dr Wong Jun Shyan is our CEO. The Chairman and the CEO are not related.

The CEO has the executive responsibility for the day-to-day operations of the Group whilst the Chairman provides overall leadership to the Board. The Chairman, with the help of the Company Secretary, ensures that Board meetings are held as and when necessary and sets the meeting agenda in consultation with the CEO and fellow directors and other executives, and if warranted, with professional advisors.

The Chairman also ensures the quality, quantity and timeliness of the flow of information between the Management, the Board and shareholders. He assumes the lead role in promoting high standards of corporate governance processes as well as the culture of openness and debate at Board meetings. He also encourages constructive relationship within the Board and between the Board and Management while facilitating the effective contributions of Non-Executive Directors and Independent Directors during the Board meetings.

REPORT ON
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Principle 4 – Board Membership

The Company has established the NC to make recommendations to the Board on all Board appointments and re-appointments. The key terms of reference of the NC include:

(a) making recommendations to the Board on relevant matters relating to (i) the review of board succession plans for Directors, in particular, the Chairman and the CEO, (ii) the reviewing of training and professional development programs for the Board and (iii) the appointment and re-appointment of Directors (including alternate Directors, if applicable);

(b) reviewing and determining annually, and as and when circumstances require, if a Director is independent, in accordance with the Code and any other salient factors;

(c) reviewing the composition of the Board annually to ensure that the Board and its committees comprise Directors who as a group provide an appropriate balance and diversity of skills, expertise, gender and knowledge of the Group and provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge; and

(d) where a Director has multiple board representations, deciding whether the Director is able to and has been adequately carrying out his duties as a Director, taking into consideration the Director's number of listed company board representation and other principal commitments.

In addition, the NC will make recommendations to the Board on the development of a process for the evaluation and performance of the Board, its board committees and individual Directors. In this regard, the NC will decide how the Board's performance is to be evaluated and propose objective performance criteria which addresses how the Board will enhance long-term shareholder value.

The NC will also implement a process for assessing the effectiveness of the Board as a whole and its committees, and for assessing the contribution of our Chairman and each individual Director to the effectiveness of the Board. The Chairman will act on the results of the performance evaluation of the Board, and in consultation with the NC to propose, where appropriate, any new member to be appointed to the Board or seek the resignation of an existing Director.

The NC comprises three directors, all whom including the Chairman, are non-executive and independent. The NC members are:

– Professor Low Teck Seng (Chairman)
– Sitoh Yih Pin
– Lim Wee Hann

At each AGM of the Company, the Articles of Association requires one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, being one third of those who have been longest in office since their last re-election. The retiring Directors would submit themselves for re-nomination and re-election. Newly appointed Directors are required to submit themselves for re-election at the next AGM following their appointments.

REPORT ON CORPORATE GOVERNANCE

The NC has noted that the following directors will retire via rotation at the forthcoming AGM pursuant to the following Articles of Association:

Name of Director	Designation	Retiring Pursuant to Article of Association
Dr Lee Hung Ming	Executive Vice Chairman	114
Sitoh Yih Pin	Non Executive Chairman and Independent Director	118
Lim Wee Hann	Independent Director	118
Professor Low Teck Seng	Independent Director	118

The NC had reviewed and recommended that Dr Lee Hung Ming who will retire via rotation pursuant to the Article 114 of the Articles of Association, being eligible and having consented, be nominated for re-election as Director at the forthcoming AGM, and subject to being duly re-elected, Dr Lee Hung Ming will remain as the Executive Vice Chairman.

Pursuant to Article 118 of the Articles of Association, Mr Sitoh Yih Pin, Mr Lim Wee Hann and Professor Low Teck Seng, who were appointed by the Board during FY2014, will retire at the forthcoming AGM. The NC, with the respective member who is interested in the discussion having abstained from the deliberations, had recommended the above respective Independent Directors for re-election at the forthcoming AGM.

Upon re-election as Director, Mr Sitoh will remain as the Non-Executive Chairman and Independent Director, the AC Chairman and a member of NC and RC. Mr Lim Wee Hann upon re-election as a Director will remain as an Independent Director of the Company, the RC Chairman and a member of the AC and NC. Professor Low Teck Seng will, upon re-election, remain as an Independent Director, the NC Chairman, and a member of the AC and RC. Mr Sitoh Yih Pin, Mr Lim Wee Hann and Professor Low Teck Seng will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

In assessing and recommending a candidate for appointment to the Board, the NC takes into consideration the background, qualifications, experience and knowledge that the candidate brings and which could benefit the Board. Other important issues to be considered as part of the process for the selection, appointment and re-appointment of Directors include the composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candor), if applicable, as an Independent Director.

The NC may also engage external search consultants to search for new Directors at the Company's expense. New Directors are appointed by way of a board resolution after the NC recommends the appointment for approval of the Board.

As the Company was listed on the Catalist on 28 October 2014, the newly appointed Independent Directors will have to retire and be re-elected as Directors by the shareholders pursuant to the Articles of Association. As a broad-based NC policy, the board nomination process for evaluating an Executive Director vis-a-vis a Non-Executive or Independent Director is different. For an Executive Director, the nomination process would in general be tied to his ability to contribute through his acumen and thinking process of the businesses. As for a Non-Executive or Independent Director, his nominations are hinged on myriad of criteria whereby he should possess the independence of mind despite confirmation via in writing, as evaluated by the NC. The existing Independent Directors were selected from contacts as recommended to Management, where Management had in their opinion, deemed that these professionals will be able to give an independent view to take the Group's businesses to a higher level as the current Executive Directors lack listed company directorship experience and would depend on the stewardship of more experienced Independent Directors.

REPORT ON CORPORATE GOVERNANCE

Furthermore, the NC also had considered, and is of the opinion, that based on the following considerations evaluated, they had not impeded any Director's performance in FY2014 from carrying out their duties to the Company:

(a) expected and/or competing time commitments of each Director;

(b) number of board representation held by each Director;

(c) size and composition of the Board; and

(d) nature and scope of the Group's operations and size.

For FY2014, the Board did not set any cap on the number of listed company directorships given that all Non-Executive or Independent Directors were able to dedicate their time to the business of the Company. Nevertheless, if the Board finds that time commitment is lacking from any particular director, they may consider imposing a cap in future. There is no alternate director appointed by any Director in FY2014.

The following key information regarding directors are set out on the following pages of this Annual Report:

(a) Pages 12 to 13 – Academic and professional qualifications, date of first appointment as director, date of last re-election as director, if any, directorships or chairmanships both present and those held over the preceding three years in other listed companies and other major appointments, whether appointment is executive or non-executive, or considered by the NC to be independent; and

(b) Page 36 – Shareholdings, if any, in the Company and its subsidiaries.

Principle 5 – Board Performance

The NC is responsible for assessing the effectiveness of the Board as a whole, the Board committees and each individual Director. The NC decides how the Board's performance may be evaluated and proposes objective performance criteria that are approved by the Board.

The criteria for evaluation of the performance of individual directors include qualitative and quantitative factors such as performance of principal functions and fiduciary duties, Director's attendance at meetings and his contribution and performance at such meetings. The NC and the Board strives to ensure that each Director, with his contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

The NC meets once a year, and as warranted by circumstances, to discharge its functions. In FY2014, no NC meeting was held given that the Company was listed on the Catalist on 28 October 2014.

The NC has in place a Board performance evaluation process whereby the Board will complete a group assessment collectively given that the decision of the Board are often made collectively. The Company Secretary will collate the Board's evaluations and provide the summary observations to the NC Chairman and the Board Chairman. The NC would then discuss the evaluation and conclude the performance results during the NC meeting.

As the Company was listed on the Catalist in October 2014, the NC had at a meeting held in February 2015 concurred that it would be meaningful to evaluate the performance of the Board as a group collectively for FY2014 instead of completing the evaluation form as it was difficult to evaluate the performance of the Board's committees or individual Director within a short time span. The evaluation form had been adopted, and the NC had collectively agreed that they will review the Board's performance as well as the respective Board committees' performance in the financial year ending 31 December 2015 ("**FY2015**").

The NC, having reviewed the performance of the Board in terms of its roles and responsibilities and the conduct of its affairs as a whole, is of the view that the performance of the Board has been satisfactory in FY2014. No external facilitator was used in the evaluation process.

Principle 6 – Access to Information

Management including the Executive Directors keeps the Board appraised of the Group's operations and performance through quarterly updates and reports as well as through informal discussions. Key executives who can provide additional insight into the matters at hand would be invited to the Board meeting.

Prior to any meetings of the Board or committees, Directors are provided, where appropriate, with sufficient relevant information to enable them to be prepared for the meetings. On an ongoing basis, all Board members have separate and independent access to Management should they have any queries or require additional information on the affairs of the Group.

Before each meeting, Management would provide the Board members with the required explanatory documents relating to matters to be brought before the Board. The Management also provides the Board with quarterly updates on financial results, operational performance, business development and other important and relevant information.

The Directors also have access to the Company Secretary who attends all Board and its committees' meetings. The Company Secretary also assists the Chairman and the Board to implement and strengthen corporate governance practices and processes. The Board is given the names and contact details of the Company's Management and the Company Secretary to facilitate direct, separate and independent access. The appointment and removal of the Company Secretary is subject to the approval of the Board as a whole.

Where the Directors either individually or as a group, in the furtherance of their duties, require independent professional advice, assistance is available to assist them in obtaining such advice at the Company's expense.

(B) REMUNERATION MATTERS

Principle 7 – Procedures for Developing Remuneration Policies

The terms of reference of the RC cover the functions described in the Code including but not limited to, the following:

(a) reviewing and recommending to the Board, in consultation with the Chairman of the Board for endorsement, a comprehensive remuneration policy framework and guidelines for remuneration of Directors, the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of our Company ("**Key Management Personnel**");

(b) reviewing and recommending to the Board for endorsement, the specific remuneration packages for each Director and Key Management Personnel;

(c) reviewing and approving the design of all share option plans, performance share plans and/or other equity based plans;

REPORT ON
CORPORATE GOVERNANCE

(d) in the case of service contracts, reviewing the Company's obligations arising in the event of termination of the Directors' or Key Management Personnels' contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with a view to being fair and avoiding the reward of poor performance; and

(e) approving performance targets for assessing the performance of each of the Key Management Personnel and recommend such targets for each of such Key Management Personnel, for endorsement by the Board.

The RC comprises entirely Non-Executive Directors, all of whom are independent. The RC meets at least once a year, and as warranted by circumstances, to discharge its functions. The RC members are:

– Lim Wee Hann (Chairman)
– Sitoh Yih Pin
– Professor Low Teck Seng

All recommendations made by the RC on remuneration of Directors and Key Management Personnel will be submitted for endorsement by the Board. No member of the RC is involved in setting his remuneration package. As and when deemed appropriate by the RC, independent expert advice is sought at the Company's expense. The RC shall ensure that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

Principle 8 – Level and Mix of Remuneration

The RC recommends to the Board the quantum of directors' fees and the Board in turn endorses the recommendation for shareholders' approval at each AGM. To facilitate timely payment of directors' fees, the Company has recommended for the directors' fees amounting to S$210,000/- to be paid on a quarterly basis in arrears for FY2015 once approval is obtained from shareholders at the forthcoming AGM.

For FY2014, a recommendation would be made to shareholders to approve the payment of S$53,666.67 to the Non-Executive Directors taking into account of their contributions during the pre-IPO meetings of the Company.

The remuneration packages take into consideration the performance of the Group and individual assessment of each Non-Executive Director, the level of contribution to the Company and Board, taking into account various factors including but not limited to efforts and time spent, responsibilities and duties of the Directors.

For the Executive Directors and Key Management Personnel, each of their service agreements and/or compensation packages is reviewed by the RC. These service agreements cover the terms of employment and specifically, the salaries and bonuses of the Executive Directors and Key Management Personnel. The Company may terminate a service agreement if, inter alia, the relevant Executive Director or Key Management Personnel is guilty of dishonesty or serious or persistent misconduct, become bankrupt or otherwise act to the Company's prejudice. Executive Directors of the Company are not entitled to any Directors' fees.

The Company has entered into separate service agreements (the "**Service Agreements**") with the Executive Directors, namely, Dr Lee Hung Ming and Dr Wong Jun Shyan. Please refer to our Offer Document dated 14 October 2014 page 140 and 141 for the details of the service agreements.

REPORT ON CORPORATE GOVERNANCE

The RC will ensure that the Independent Directors are not overcompensated to the extent that their independence may be compromised. Non-Executive Directors are able to participate in the ISEC Healthcare Share Option Scheme and hold shares in the Company so as to better align their interests with the interests of shareholders.

During FY2014, the RC had reviewed the compensation and remuneration packages and believes that the remuneration of Directors and Key Management Personnel commensurate with their respective roles and responsibilities. For FY2014, the Company did not engage any external remuneration consultant to assist in the review of compensation and remuneration packages.

There are no termination, retirement and post-employment benefits that may be granted to the Directors, the CEO and top 5 key management personnel.

Principle 9 – Disclosure on Remuneration

The breakdown (in percentage terms) of the remuneration of Directors of the Company for FY2014 is set out below:

Directors	Salary and allowance[4] (%)	Consultancy Fees (%)	Variable Bonus[4] (%)	Director's Fees[1] (%)	Total (%)
From S$0 to $250,000					
Dr Lee Hung Ming[2]	100	0	0	0	100
Lim Wee Hann	0	0	0	100	100
Professor Low Teck Seng	0	0	0	100	100
Sitoh Yih Pin	0	0	0	100	100
From S$1,250,001 to $1,500,000					
Dr Wong Jun Shyan[3]	31	69	0	0	100

The breakdown (in percentage terms) of the remuneration of 5 top key management personnel of the Group for FY2014 is set out below:

Remuneration and Name of Key Management Personnel	Designation	Salary and allowance[4] (%)	Consultancy Fees (%)	Variable Bonus[4] (%)	Total (%)
From S$0 to $250,000					
Dr Alan Ang	Penang Centre Director	3	97	0	100
Macy Thong	Chief Financial Officer	78	0	22	100
From S$250,001 to $500,000					
Dr Cordelia Chan	Singapore Centre Director	100	0	0	100
From S$500,001 to $750,000					
Dr Fang Seng Kheong	Medical Board Chairman	1	99	0	100
From S$750,001 to $1,000,000					
Dr Choong Yee Fong	Kuala Lumpur Centre Director	1	99	0	100

REPORT ON CORPORATE GOVERNANCE

Notes:

1. *The director's fees are subject to shareholders' approval at the coming Annual General Meeting.*

2. *Remuneration of Dr Lee Hung Ming was included with effect from 26 September 2014 upon the completion of the acquisition of the entire issued and paid up share capital of ISEC Eye Pte. Ltd. by the Company.*

3. *Our Director are of the opinion that consultancy fees paid to Dr Wong Jun Shyan were undertaken on normal commercial terms and on arm's length basis. With effect from 16 September 2014, Dr Wong Jun Shyan's consultancy agreement has been terminated. Dr Wong Jun Shyan has entered into a service agreement with the Company and a letter of employment with ISEC Sdn. Bhd. effective 17 September 2014 pursuant to which he is employed by the Group and shall serve as CEO and a specialist doctor, as disclosed in our Offer Document 14 October 2014.*

4. *The salary, allowance and variable bonus amounts shown are inclusive of Central Provident Funds and Employees Provident Funds contributions respectively.*

Given the highly competitive conditions, sensitive and confidential nature of such information of each Director and key management personnel, the Company believes that the disclosure of the total remuneration as recommended by the Code may not be in the best interest of the Group. Nevertheless, the Company has sought to provide the remuneration in the bands of S$250,000 and also a breakdown in percentage terms.

In aggregate, the total remuneration paid to the 5 top key management personnel was S$2,208,000 in FY2014. There is no family relationship between any of our Directors, CEO and/or key management personnel, and there is also no employee who is an immediate family member of a Director and/or CEO whose remuneration exceeded S$50,000 during FY2014.

The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance and contribution toward the overall performance of the Group for FY2014. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary and fixed allowance. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.

SHARE OPTIONS SCHEME

On 26 September 2014, the shareholders adopted the "ISEC Healthcare Share Option Scheme" (the "**Share Option Scheme**"). The Share Option Scheme has been assigned by the Board of Directors to be administered by a committee comprising members of our Remuneration Committee (the "**Committee**").

The primary objective of establishing the Share Option Scheme is to provide eligible participants (the "**Participant**") with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. The Share Option Scheme, which forms an integral and important component of a compensation plan, is designed to primarily reward and retain Directors (including Independent Directors) and employees of the Group whose services are vital to our well-being and success. The other objectives of the Share Option Scheme are as follows:

- to retain key employees and Directors of the Group whose contributions are essential to the long-term growth and prosperity of the Group;
- to instil loyalty to, and a stronger identification by Participants with the long-term prosperity of the Company;
- to attract potential employees with relevant skills to contribute to the Group and to create value for our shareholders; and
- to align the interests of Participants with the interests of our shareholders.

REPORT ON
CORPORATE GOVERNANCE

The Share Option Scheme allows for participation by full-time employees of the Group and Directors (including Independent Directors) who have attained the age of 21 years on or before the relevant date of grant of the option, provided that none shall be an undischarged bankrupt or have entered into a composition with his creditors. The aggregate number of shares which may be offered by way of grant of options to the controlling shareholder and their respective associates under the Share Option Scheme shall not exceed 25% of the total number of shares available under the Share Option Scheme, with the number of shares which may be offered by way of grant of options to each controlling shareholder and his respective associate not exceeding 10% of the total number of shares available under the Share Option Scheme.

The total number of shares over which the Committee may grant options on any date, when added to the number of shares issued and issuable in respect of all options granted under the Share Option Scheme (including any other share option schemes of our Company) shall not exceed 15% of the number of all issued shares (excluding treasury shares) on the day preceding the date of the relevant grant.

No share has been awarded to any Participant under the Share Option Scheme since adoption in FY2014.

The options that are granted under the Share Option Scheme may have exercise prices that are, at the discretion of the Committee:

(a) set at a discount to a price equal to the average of the last dealt prices for the shares on the SGX-ST for the five (5) consecutive market days immediately preceding the relevant date of grant of the relevant option (the "**Market Price**") (subject to a maximum discount of 20%) (the "**Incentive Options**"); or

(b) fixed at the Market Price (the "**Market Price Options**").

Subject as provided in the Share Option Scheme and any other conditions as may be introduced by the Committee from time to time, a Market Price Option or an Incentive Option, as the case may be, shall be exercisable, in whole or in part, as follows:

(a) in the case of a Market Price Option, during the period commencing after the first anniversary of the date of grant and expiring on the tenth anniversary of such date of grant (or such shorter period if so determined by the Committee); and

(b) in the case of an Incentive Option, during the period commencing after the second anniversary of the date of grant and expiring on the tenth anniversary of such date of grant (or such shorter period if so determined by the Committee).

The Share Option Scheme shall continue in operation for a maximum period of 10 years commencing on the date on which the Share Option Scheme is adopted by our Company in general meeting, provided that the Share Option Scheme may continue for any further period thereafter with the approval of our Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

(C) ACCOUNTABILITY AND AUDIT

Principle 10 – Accountability

The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects, including interim and other price sensitive public information and reports to regulators (if required). Management provides directors on a quarterly basis, with sufficient relevant information on the Group's financial performance and commentary of the competitive conditions of the industry in which the Group operates. The Company adopts a policy which welcomes directors to request for further explanations, briefings or informal discussions on any aspect of the Group's operations or business from Management.

REPORT ON CORPORATE GOVERNANCE

The AC reports to the Board on the financial results for review and approval. The Board approves the financial results after review and authorises the release of the results on SGXnet and the public. The Company also uploads latest announcement(s) which has been disseminated via SGXnet on its website http://isechealthcare.com.

Principle 11 – Risk Management and Internal Controls

The Board has the overall responsibility for the Group's risk management and internal controls in safeguarding shareholders' interests and the Group's assets. The Group's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the financial information, and to safeguard and maintain accountability of assets. Procedures are in place to identify major business risks and evaluate potential financial implications, as well as for the authorisation of capital expenditure and investments.

The AC, on behalf of the Board, reviews the adequacy and effectiveness of the Group's system of internal controls, including financial, operational, compliance and information technology controls, and risk management policies and systems established by Management on an annual basis. The Group currently does not have a Board Risk Management Committee but the Board has approved a "Risk Governance and Internal Control Framework Manual" dated August 2014 which set outs out the following risk management policies, where Management is required to strictly adhere to. They are:

- Code of Ethics
- Risk Appetite and Risk Tolerance guidance
- Authority and Risk Control Matrix
- Key Control Activities
- Key Reporting and Monitoring Activities

Dr Choong Yee Fong, Medical Director of ISEC Sdn Bhd, has been appointed by the Chief Executive Officer as the Group's Chief Risk Officer ("**CRO**") and he is assisting the AC in overseeing the overall adequacy and effectiveness of the Group's risk management systems and procedures.

Management also regularly reviews the Group's business and operations to identify areas of significant business risks and controls to mitigate the risks. The Management will highlight all significant matters to the Board and AC.

For FY2014, the AC had received assurance from the CEO and the Chief Financial Officer that:

- accounting and other records have been properly maintained and the Company's risk management and internal control systems are adequate and effective; and
- the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

The design, implementation and operation of the accounting and internal control systems are intended to prevent and detect fraud and errors. The Board notes that the system of internal controls provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. The Board also notes that no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

Based on the framework of risk management and internal controls established and maintained by the Management, reviews carried out by the respective Board Committees, work performed by the IA and external auditors, and assurance from the Management, the Board, with the concurrence of the AC, is of the opinion that the Group's risk management systems and system of internal controls is adequate and effective in addressing financial, operational, compliance and information technology risks.

Principle 12 – Audit Committee ("AC")

The terms of reference of the AC include the following:

(a) assisting the Board in discharging its statutory responsibilities on financing and accounting matters;

(b) reviewing significant financial reporting issues and judgments to ensure the integrity of the financial statements and any formal announcements relating to financial performance;

(c) reviewing the scope and external auditor's audit plan and the results and audit report carried out by the external auditors and its cost effectiveness, and the independence and objectivity of the external auditors;

(d) reviewing the key financial risk areas, the risk management structure and any oversight of the risk management process and activities to mitigate and manage risks at acceptable levels determined by the Board;

(e) reviewing the statements to be included in the annual report concerning the adequacy and effectiveness of our risk management and internal controls systems, including financial, operational, compliance controls, and information technology controls;

(f) reviewing any interested person transactions and monitoring the procedures established to regulate interested person transactions, including ensuring compliance with the Company's internal control system and the relevant provisions of the Catalist Rules, as well as all conflicts of interests to ensure that proper measures to mitigate such conflicts of interests have been put in place;

(g) reviewing the internal audit program and reports on a periodic basis and monitor Management's responsiveness to the findings and recommendations by internal auditors;

(h) approving 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;

(i) appraising and reporting to the Board on the audits undertaken by the external auditors and internal auditors and the adequacy of disclosure of information;

(j) making recommendations to the Board on the proposals to shareholders on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;

(k) undertaking such other reviews and projects as may be requested by the Board, and report to the same on its findings from time to time on matters arising and requiring the attention of the AC; and

(l) undertaking generally such other functions and duties as may be required by law or the Catalist Rules, and by amendments made thereto from time to time.

The AC comprises three members, all of whom are non-executive, independent directors. The members of the AC are:

– Sitoh Yih Pin (Chairman)
– Professor Low Teck Seng
– Lim Wee Hann

REPORT ON CORPORATE GOVERNANCE

The AC has explicit authority to investigate any matter within its terms of references. It has full access to Management and full discretion to invite any Director or key management personnel to attend its meetings, and to be provided with reasonable resources to enable it to discharge its functions properly. The Executive Directors and key management personnel were invited to be present at the AC meetings to report and brief the AC members on the financial and operating performance of the Group and to answer any queries from the AC members on any aspect of the operations of the Group.

The AC had met up with the external auditors without the presence of Management in February 2015. The external auditors were also invited to be present at AC meetings, as and when required, held during FY2014 to, inter alia, answer or clarify any matter on accounting and auditing or internal controls.

The aggregate amount of expense paid or payable to BDO members firm ("**BDO**") for FY2014 are approximately:

Audit fees	:	S$59,000
Non-audit fees	:	S$45,000
IPO-related fees	:	S$240,000*
Total	:	S$344,000

* *During FY2014, the Group has paid S$240,000 to the external auditors and its member firms for their roles as reporting accountants in relation to the listing of the Company. The amount charged to profit and loss account amounted to S$203,000 and the amount charged to share issue expense under share capital amounted to S$37,000.*

The AC has reviewed the non-audit services in relation to tax services, other advisory services and goods and service tax services provided by BDO. The Board, with the concurrence of the AC is of the opinion that the independence and objectivity of the external auditors have not been affected as the substantial amount of non-audit fees paid in FY2014 was for the IPO of the Company and is not expected to be recurring.

The financial statements of the Company and its subsidiaries are audited by BDO. The AC and the Board are of the view that the audit firms are adequately resourced, of appropriate standing within the international affiliation. The AC has reviewed and is satisfied that the appointment of BDO as external auditors would not compromise the standard and effectiveness of the audit of the Company and that the Company has complied with Rule 712 and Rule 715 of the Catalist Rules.

The AC has recommended to the Board the re-appointment of BDO as external auditors of the Company at the forthcoming AGM of the Company to be held on 24 April 2015.

The Company has a whistle-blowing policy whereby staff of the Group and any external parties may, in confidence, raise concerns about possible irregularities in matters of financial reporting or other matters. The policy defines the processes clearly to ensure independent investigation of such matters and permits whistle blowers to report directly via email to the AC Chairman's email account at sitoh@nexiats.com.sg.

The AC has power to conduct or authorise investigations into any matter within the AC's scope of responsibility. On a regular basis, all whistle-blowing cases reported and the resolution would be reported to the AC. Depending on the nature of the concern raised or information provided, the investigation may be conducted involving one or more of these persons or entities:

- The AC;
- The external or internal auditor;
- Forensic professionals;
- The Police or Commercial Affairs Department; and/or
- The Corrupt Practices Investigation Bureau.

For FY2014, the Board had concluded, with the help of the NC, that the members of the AC are appropriately qualified to discharge their duties and responsibilities. The Board's view is that adequate and reasonable assistance and support has been properly rendered by the Management to the AC and that the AC has effectively and efficiently contributed to the Board and the Group. The AC chairman is a Chartered Accountant and is currently, the Chairman of Nexia TS Public Accounting Corporation, an accounting firm in Singapore. During the last quarter of 2014, the AC was provided with information such as updates on the changes to the Singapore's Financial Reporting Standards by the external auditors in the course of their report to AC.

Principle 13 – Internal Audit

The AC relies on reports from the Management and external and internal auditors on any material non-compliance and internal control weaknesses. Thereafter, the AC oversees and monitors the implementations thereto.

Currently, the Group has outsourced its internal audit function to RSM Ethos Pte. Ltd. (the "**IA**") which reports directly to the AC. The IA has an administrative reporting function to Management where planning, co-ordinating, managing and implementing internal audit work cycle are concerned. The work undertaken by the IA, are carried out in accordance with the standards set by internationally recognised professional bodies including Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The IA will report their audit findings and recommendations directly to the AC. The internal audit plan drawn up by the IA is in the midst of review by the AC together with the Board. In FY2014, no internal audit was done given that the Company was listed on 28 October 2014, other than those already disclosed in the offer document dated 14 October 2014.

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14 – Shareholder Rights

Principle 15 – Communication with Shareholders

Principle 16 – Conduct of Shareholder Meetings

The Company strives to disclose information on a timely basis to shareholders and ensure any disclosure of price sensitive information is not made to a selective group. The information is communicated to our shareholders via:

– annual reports – the Board strives to include all relevant information about the Group, including future developments and disclosures required by the Companies Act, Financial Reporting Standards and the Catalist Rules; and
– SGXnet and press releases on major developments of the Group.

SGXnet disclosures and press releases of the Group are also available on the Company's website at http://isechealthcare.com. The Company has held one investor briefings on its Q32014 financial results announcements and to meet with its institutional and retail investors in FY2014.

The Company also publishes the presentation slides used during the investor briefings on SGXnet and on its website – http://isechealthcare.com. Once the annual report for FY2014 is completed, a copy will be made available on the Company's website and published via SGXnet.

At the forthcoming AGM, shareholders will be given the opportunity to air their views and ask Directors or Management questions regarding the Company and the Group. The notice of AGM will be sent together with the annual report, released on SGXnet and on the Company's website as well as published in the newspapers to inform shareholders of upcoming meetings.

The Board, Management and the external auditors will also be present to address any relevant queries the shareholders may have. At the forthcoming AGM, the Company will prepare the minutes of the AGM which would include substantial or relevant comments from shareholders and the minutes of the AGM will be made available to shareholders, upon their request.

The Company's Articles of Association do not allow for abstentia voting at general meetings of shareholders as authentication of shareholder identity information and other related security issues remains a concern. However, the Articles of Association of the Company does allow a shareholder to vote either in person or appoint not more than two proxies to attend and vote in his stead. Such proxy to be appointed need not be a shareholder.

At the forthcoming AGM, all resolutions will be put to vote by way of a poll, and their detailed results will be announced via SGXnet after the conclusion of the general meeting.

The Board has proposed a first and final dividend of S$0.0011 per ordinary share for FY2014 which will be subject to shareholders' approval at the forthcoming AGM.

(E) DEALINGS IN SECURITIES

The Company has adopted an internal code on dealings in securities, which has been disseminated to all Directors and officers within the Group. The Company will also send a notification via email to notify all its Directors and officers a day prior to the close of window for trading of the Company's securities.

Directors and officers of the Company are reminded not to deal (whether directly or indirectly) in the Company's securities on short-term considerations and be mindful of the law on insider trading as prescribed by the SFA. The internal code on dealings in securities also makes clear that the Company, its Directors and officers should not deal in the Company's securities, while in possession of unpublished price-sensitive information and prohibits trading as well as in the following periods:

(i) the period commencing two weeks before the announcement of the Company's financial statements for the first, second and third quarters of its financial year; and

(ii) the period commencing one month before the announcement of the Company's financial statements for its full financial year.

Each of the above periods will end on the date of the announcement of the relevant financial results of the Company.

(F) INTERESTED PERSON TRANSACTIONS ("IPT")

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

There were no IPTs with value more than S$100,000 transacted during FY2014. The Company does not have any IPT mandate.

(G) USE OF PROCEEDS (CATALIST RULE 1204(5F) AND (22))

As of the date of this report, the utilisation of the Company's IPO net proceeds is set out below:

	Amount allocated S$'000	Amount allocated pursuant to reallocation of unutilised listing expenses[1] S$'000	Amount utilised S$'000	Balance S$'000
Business expansion in the Asia Pacific region (including Malaysia and Singapore)	13,800	300	–	14,100
General and working capital	2,500	–	(2,500)[2]	–
Total	16,300	300	(2,500)	14,100

Notes:

(1) The Company had incurred all the necessary expenses in relation to its IPO totaling S$3.0 million. Accordingly, the remaining balance of S$0.3 million (initial estimated listing expenses of approximately S$3.3 million less actual listing expenses of S$3.0 million) has been reallocated for the purpose of business expansion in the Asia Pacific region (including Malaysia and Singapore).

(2) Utilised for:

	S$'000
Cost of sales	1,028
Administrative expenses	1,378
Selling and distribution expenses	94
	2,500

(H) MATERIAL CONTRACTS

Save for the service agreements entered with the Executive Directors as disclosed on page 140 and 141 of the Offer Document dated 14 October 2014, there was no other material contract involving the interests of the CEO, any Director or controlling shareholders of the Company which has been entered into by the Group, which are either still subsisting at the end of FY2014 or if not then subsisting, entered into since the end of the previous financial year.

(I) NON-SPONSOR FEES (CATALIST RULE 1204(21))

For FY2014, the Company paid to its sponsor, PrimePartners Corporate Finance Pte. Ltd. non-sponsor fees of S$800,000 as advisory services in relation to the Company's IPO.

REPORT OF THE DIRECTORS

The Directors of the Company present their report to the members together with the audited consolidated financial statements of ISEC Healthcare Ltd. ("the Company") and its subsidiaries ("the Group") for the financial year ended 31 December 2014 and the consolidated statement of financial position of the Company as at 31 December 2014.

1. DIRECTORS

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

Sitoh Yih Pin	(Appointed on 29 September 2014)
Dr Lee Hung Ming	(Appointed on 2 January 2014)
Dr Wong Jun Shyan	(Appointed on 2 January 2014)
Professor Low Teck Seng	(Appointed on 29 September 2014)
Lim Wee Hann	(Appointed on 29 September 2014)

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object 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.

3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), none of the Directors of the Company who held office at the end of the financial period had any interests in the shares or debentures of the Company or its related corporations except as detailed below:

	Shareholdings registered in the name of Directors	
	Balance at 2 January 2014 (date of incorporation) or later date of appointment	**Balance at 31 December 2014**
	Number of ordinary shares	
The Company		
Sitoh Yih Pin	–	400,000
Professor Low Teck Seng	–	400,000
Lim Wee Hann	–	400,000
Dr Lee Hung Ming	50	157,500,000
Dr Wong Jun Shyan	50	42,079,905

By virtue of Section 7 of the Act, Dr Lee Hung Ming is deemed to have an interest in all of the interest in subsidiaries owned by the Company at the beginning and end of the financial period.

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of the Directors' shareholdings, the Directors' interest as at 21 January 2015 in the shares of the Company have not changed from those disclosed as at 31 December 2014.

REPORT OF
THE DIRECTORS

4. DIRECTORS' CONTRACTUAL BENEFITS

Since the date of incorporation, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except for salaries, bonuses and other benefits as disclosed in the financial statements. Certain Directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

5. SHARE OPTIONS

There were no share options granted by the Company or its subsidiaries during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or of its subsidiaries under options as at the end of the financial year.

Share Option Scheme ("SOS")

The Company has implemented a share option scheme known as ISEC Healthcare SOS. The ISEC Healthcare SOS was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 26 September 2014. No share options or performance shares have been granted or awarded pursuant to the ISEC Healthcare SOS.

6. AUDIT COMMITTEE

The Audit Committee comprises the following members, who are all non-Executive and Independent Directors. The members of the Audit Committee during the financial period and at the date of this report are:

Sitoh Yih Pin	(Independent and non-Executive Director)
Professor Low Teck Seng	(Independent and non-Executive Director)
Lim Wee Hann	(Independent and non-Executive Director)

The Audit Committee performed the functions specified in Section 201B(5) of the Singapore Companies Act, Chapter 50, and the Singapore Code of Corporate Governance, including the following:

(i) reviewing the audit plans and results of the external audits;

(ii) reviewing the audit plans and results of the internal auditors' examination and evaluation of the Group's system of internal controls;

(iii) reviewing the Group's financial and operating results and accounting policies;

(iv) reviewing the consolidated financial statements of the Group and the statement of financial position of the Company before their submission to the Directors of the Company and the external auditors' report on those financial statements;

(v) reviewing the half yearly and annual announcements on the results of the Company and the Group;

REPORT OF THE DIRECTORS

6. AUDIT COMMITTEE (CONTINUED)

(vi) ensuring the co-operation and assistance given by the management to the Group's internal and external auditors;

(vii) making recommendation to the Board on the re-appointment of the Group's internal and external auditors; and

(viii) reviewing the Interested Person Transactions as required and defined in Chapter 9 of the Rules of Catalist of the Singapore Exchange Securities Trading Limited (SGX-ST) and ensuring that the transactions were on normal commercial terms and not prejudicial to the interests of the members of the Company.

The Audit Committee confirmed that it has undertaken a review of all non-audit services provided by the external auditors to the Group and is satisfied that the nature and extent of such services would not affect the independence of the external auditors.

The Audit Committee has full access to and has the co-operation of the 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 Audit Committee.

The Audit Committee has recommended to the Board of Directors the nomination of BDO LLP, for re-appointment as external auditors of the Group at the forthcoming Annual General Meeting.

7. AUDITORS

The auditors, BDO LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

Dr Lee Hung Ming
Director

Dr Wong Jun Shyan
Director

Singapore
30 March 2015

STATEMENT BY DIRECTORS

In the opinion of the Board of Directors,

(a) the accompanying financial statements as set out on pages 42 to 91, which comprise the statements of financial position of the Group and of the Company, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows together with the notes thereon are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and of the results, changes in equity and cash flows of the Group for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

Dr Lee Hung Ming
Director

Dr Wong Jun Shyan
Director

Singapore
30 March 2015

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ISEC HEALTHCARE LTD.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of ISEC Healthcare Ltd. (the "Company") and its subsidiaries (the "Group") as set out on pages 42 to 91, which comprise the statements of financial position of the Group and of the Company as at 31 December 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows 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, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ISEC HEALTHCARE LTD.

Opinion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
30 March 2015

STATEMENTS OF
FINANCIAL POSITION
AS AT 31 DECEMBER 2014

		Group		Company
		2014	2013	2014
	Note	$	$	$
ASSETS				
Non-current assets				
Plant and equipment	4	4,285,498	2,475,402	187,341
Intangible assets	5	13,218,699	96,882	1,099
Investment in subsidiaries	6	–	–	20,090,100
		17,504,197	2,572,284	20,278,540
Current assets				
Inventories	7	580,255	406,437	–
Trade and other receivables	8	2,569,830	1,217,460	7,772,640
Prepayments		179,002	154,916	9,494
Cash and cash equivalents	9	27,266,816	2,167,715	17,831,409
		30,595,903	3,946,528	25,613,543
Total assets		48,100,100	6,518,812	45,892,083
EQUITY AND LIABILITIES				
Equity				
Share capital	10	43,630,212	418,000	43,630,212
Other reserves	11	(3,868,248)	(182,422)	–
Retained earnings	12	4,115,052	2,147,835	2,078,097
Equity attributable to owners of the parent		43,877,016	2,383,413	45,708,309
Non-controlling interests		(197,240)	(81,946)	–
Total equity		43,679,776	2,301,467	45,708,309
Non-current liabilities				
Provisions	14	246,568	–	18,475
Deferred tax liabilities	15	908,665	–	–
		1,155,233	–	18,475
Current liabilities				
Trade and other payables	16	2,497,647	2,958,873	165,299
Bank borrowings	17	–	747,038	–
Current income tax payable		767,444	511,434	–
		3,265,091	4,217,345	165,299
Total liabilities		4,420,324	4,217,345	183,774
Total equity and liabilities		48,100,100	6,518,812	45,892,083

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	2014 $	2013 $
Revenue	18	21,997,324	17,536,867
Cost of sales		(12,415,723)	(10,666,542)
Gross profit		9,581,601	6,870,325
Other item of income			
Other income	19	77,932	39,707
Other items of expense			
Selling and distribution expenses		(173,519)	(123,060)
Administrative expenses		(6,125,381)	(3,310,803)
Other expenses		(175,230)	(147,612)
Finance costs	20	(43,937)	(29,206)
Profit before income tax	21	3,141,466	3,299,351
Income tax expense	22	(1,243,440)	(986,274)
Profit for the financial year		1,898,026	2,313,077
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences – foreign operations		(132,557)	(104,491)
Reclassification arising from disposal of foreign subsidiary		33,166	–
Income tax relating to items that may be reclassified		–	–
Other comprehensive income for the financial year, net of tax		(99,391)	(104,491)
Total comprehensive income for the financial year		1,798,635	2,208,586
Profit/(Loss) attributable to:			
Owners of the parent		1,967,217	2,683,591
Non-controlling interests		(69,191)	(370,514)
		1,898,026	2,313,077
Total comprehensive income attributable to:			
Owners of the parent		1,853,391	2,587,719
Non-controlling interests		(54,756)	(379,133)
		1,798,635	2,208,586
Earnings per share	23		
– basic (in cents)		0.54	0.76
– diluted (in cents)		0.54	0.76

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

CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Share capital $	Foreign currency translation account $	Merger reserve $	Retained earnings $	Equity attributable to owners of the parent $	Non-controlling interests $	Total equity $
Balance at 1 January 2014		418,000	(182,422)	–	2,147,835	2,383,413	(81,946)	2,301,467
Profit for the financial year		–	–	–	1,967,217	1,967,217	(69,191)	1,898,026
Other comprehensive income:								
Foreign currency translation differences – foreign operations		–	(137,042)	–	–	(137,042)	4,485	(132,557)
Reclassification arising from disposal of foreign subsidiary		–	23,216	–	–	23,216	9,950	33,166
Total comprehensive income for the financial year		–	(113,826)	–	1,967,217	1,853,391	(54,756)	1,798,635
Contributions by owners of the parent								
Issue of subscribers' shares at incorporation of the Company	10	100	–	–	–	100	–	100
Issue of shares pursuant to the restructuring exercise	10	25,589,900	–	–	–	25,589,900	–	25,589,900
Adjustment pursuant to the restructuring exercise	10	(418,000)	–	(3,572,000)	–	(3,990,000)	–	(3,990,000)
Issue of shares pursuant to an initial public offering exercise	10	19,600,000	–	–	–	19,600,000	–	19,600,000
Share issue expenses		(1,559,788)	–	–	–	(1,559,788)	–	(1,559,788)
Total transactions with owners of the parent		43,212,212	–	(3,572,000)	–	39,640,212	–	39,640,212
Transaction with non-controlling interests								
Disposal of a subsidiary		–	–	–	–	–	(60,538)	(60,538)
Total transaction with non-controlling interests		–	–	–	–	–	(60,538)	(60,538)
Balance at 31 December 2014		43,630,212	(296,248)	(3,572,000)	4,115,052	43,877,016	(197,240)	43,679,776

CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Share capital $	Foreign currency translation account $	Retained earnings $	Equity attributable to owners of the parent $	Non-controlling interests $	Total equity $
Balance at 1 January 2013		418,000	(86,550)	2,466,594	2,798,044	297,187	3,095,231
Profit for the financial year		–	–	2,683,591	2,683,591	(370,514)	2,313,077
Other comprehensive income:							
Foreign currency translation differences – foreign operations		–	(95,872)	–	(95,872)	(8,619)	(104,491)
Total comprehensive income for the financial year		–	(95,872)	2,683,591	2,587,719	(379,133)	2,208,586
Distribution to owners of the parent							
Dividends	24	–	–	(3,002,350)	(3,002,350)	–	(3,002,350)
Total transaction with owners of the parent		–	–	(3,002,350)	(3,002,350)	–	(3,002,350)
Balance at 31 December 2013		418,000	(182,422)	2,147,835	2,383,413	(81,946)	2,301,467

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

CONSOLIDATED STATEMENT OF
CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	2014 $	2013 $
Operating activities			
Profit before income tax		3,141,466	3,299,351
Adjustments for:			
Depreciation of plant and equipment		624,712	794,536
Amortisation of intangible assets		159,217	28,247
Gain on disposal of plant and equipment		(3,428)	–
Plant and equipment written-off		9,565	140,454
Intangible assets written-off		–	7,158
Loss on disposal of a subsidiary		32,951	–
Interest income		(56,194)	(31,716)
Interest expense		43,937	29,206
Operating cash flows before working capital changes		3,952,226	4,267,236
Working capital changes:			
Inventories		(181,724)	(33,627)
Trade and other receivables		(576,075)	(538,715)
Prepayments		(26,114)	(20,643)
Trade and other payables		1,024,472	(480,378)
Cash generated from operations		4,192,785	3,193,873
Income tax paid		(1,704,497)	(556,016)
Net cash from operating activities		2,488,288	2,637,857
Investing activities			
Proceeds from disposal of plant and equipment		10,985	384,898
Proceeds from disposal of intangible assets		–	6,072
Proceeds from disposal of subsidiary		141,070	–
Cash and cash equivalents disposed of		(1,239)	–
Proceeds from acquisition of subsidiary		3,811,213	–
Purchase of plant and equipment		(2,253,013)	(1,922,455)
Purchase of intangible assets		(12,451)	(8,600)
Interest received		56,194	31,716
Net cash from/(used in) investing activities		1,752,759	(1,508,369)
Financing activities			
Dividends paid		(1,828,770)	(1,190,030)
Proceeds from issuance of ordinary shares		25,100,000	–
Redemption of preference shares		–	(174,330)
Share issue expenses		(1,559,788)	–
Interest paid		(36,151)	(29,206)
Net cash from/(used in) financing activities		21,675,291	(1,393,566)
Net change in cash and cash equivalents		25,916,338	(264,078)
Cash and cash equivalents at beginning of financial year		1,420,677	1,744,213
Effect of exchange rate changes on cash and cash equivalents		(70,199)	(59,458)
Cash and cash equivalents at end of financial year	9	27,266,816	1,420,677

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

NOTES TO
THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

1. GENERAL CORPORATE INFORMATION

ISEC Healthcare Ltd. (the "Company") was incorporated in Singapore on 2 January 2014 under Singapore Companies Act, Chapter 50 (the "Act") as a private limited liability company in the name of ISEC Holdings Pte. Ltd. On 18 January 2014, the name of the Company was changed to ISEC Healthcare Pte. Ltd. Subsequently on 22 September 2014, the Company was converted to a public limited company and changed its name to ISEC Healthcare Ltd. The Company was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited on 28 October 2014.

The Company is domiciled in Singapore with its registered office address and principal place of business at 101 Thomson Road #09-04 United Square Singapore 307591. The Company's registration number is 201400185H.

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

The statement of financial position of Company and the consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2014 were authorised for issue in accordance with a Directors' resolution dated 30 March 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The restructuring exercise involved acquisition of companies which are under common control, namely ISEC Sdn. Bhd. and its subsidiaries. The consolidated financial statements of the Group for inclusion of ISEC Sdn. Bhd. and its subsidiaries have been prepared in a manner similar to the "pooling-of-interest" method. Such manner of presentation reflects the economic substance of the combining companies as a single economic enterprise, although the legal parent-subsidiary relationship was not established until after 26 September 2014.

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 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.

The consolidated financial statements and the statement of financial position of the Company are presented in Singapore dollar, which is the functional currency of the Company and the presentation currency for the financial statements.

The preparation of financial statements in conformity with FRS requires the management to exercise judgement in the process of applying the Group's and the Company's accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period, and the reported amounts of revenue and expenses during the financial year. Although these estimates are based on the management's best knowledge of historical experience and other factors, including expectations of future events 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 on-going basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that financial year, or in the financial year of the revision and future financial years if the revision affects both current and future financial years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

Critical accounting judgements and key sources of estimation uncertainty used that are significant to the financial statements are disclosed in Note 3 to the financial statements.

During the financial year, the Group and the Company adopted the new or revised FRS and Interpretations of FRS ("INT FRS") that are relevant to their operations and effective for the current financial year. Changes to the Group's and the Company's accounting policies have been made as required in accordance with the relevant transitional provisions in the respective FRS and INT FRS. The adoption of the new or revised FRS and INT FRS did not result in any substantial changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current and prior financial years except as detailed below.

FRS 110 Consolidated Financial Statements and FRS 27 (Revised) Separate Financial Statements

FRS 110 introduces a single new control model, as the basis for determining which entities are consolidated in the Group's financial statements. Under FRS 110, control exists when the Group has:

– power over an investee;

– exposure, or rights, to variable returns from the investee; and

– the ability to use its power over an investee to affect the Group's returns from the investee.

The Group has applied FRS 110 retrospectively, in accordance with the transitional provisions of FRS 110 and changed its accounting policy for determining whether it has control over an entity and whether it is required to consolidate that interest. The adoption of FRS 110 did not result in any changes to the control conclusions reached by the Group in respect of its involvement with other entities as at the date of initial adoption on 1 January 2014. The adoption of FRS 27 (Revised) did not result in any material changes to the Group's or the Company's financial statements.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 prescribes comprehensive disclosure requirements for all types of interests in other entities. It requires an entity to disclose information that helps users to assess the nature and financial effects of relationships with subsidiaries, associates, joint arrangements and unconsolidated structured entities. As the new standard affects only disclosure, there is no effect on the Group's financial position or performance. Certain new disclosures are included in these financial statements following adoption of FRS 112 on 1 January 2014.

Amendments to FRS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments to FRS 32 clarify the guidance on criteria that an entity currently has a legally enforceable right to set-off financial assets and financial liabilities; and criteria that an entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group's adoption of these amendments on 1 January 2014 did not result in changes to the situations in which financial assets and liabilities are currently offset and hence did not have any impact on its financial position or financial performance upon initial adoption of the amendments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

Amendments to FRS 36 – Recoverable Amount Disclosures for Non-financial Assets

The amendments to FRS 36 were issued to remove the requirement to disclose the recoverable amount of any cash-generating unit for which the carrying amount of goodwill or intangible assets with an indefinite useful life is significant compared to the total carrying amount of goodwill or intangible assets with an indefinite useful life, and instead require disclosure about recoverable amount only when there is a significant impairment or reversal of an impairment, as well as to require additional disclosures when recoverable amount is based on fair value less costs of disposal.

The Group has adopted the amendments to FRS 36 from 1 January 2014, and reflected the relevant amended disclosure requirements in these financial statements. There is no impact on the Group's financial position or financial performance.

FRS issued but not yet effective

As at the date of the authorisation of these financial statements, the Group and the Company have not adopted the following FRS that have been issued but not yet effective:

			Effective date (annual periods beginning on or after)
FRS 1	:	Amendments to FRS 1 – Disclosure Initiative	1 January 2016
FRS 16 and FRS 38	:	Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
FRS 16 and FRS 41	:	Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants	1 January 2016
FRS 19	:	Amendments to FRS 19: Defined Benefit Plans: Employee Contributions	1 July 2014
FRS 27	:	Amendments to FRS 27 – Equity Method in Separate Financial Statements	1 January 2016
FRS 109	:	Financial Instruments	1 January 2018
FRS 110 and FRS 28	:	Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
FRS 110, FRS 112 and FRS 28	:	Amendments to FRS 110 and FRS 112 and FRS 28 – Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 111	:	Amendments to FRS 111: Accounting for Acquisitions of Interest in Joint Operations	1 January 2016
FRS 114	:	Regulatory Deferral Accounts	1 January 2016
FRS 115	:	Revenue from Contracts with Customers	1 January 2017
Improvements to FRSs 2014 (January 2014 and February 2014)			1 July 2014
Improvements to FRSs 2014 (November 2014)			1 January 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

***FRS issued but not yet effective** (Continued)*

Consequential amendments were also made to various standards as a result of these new or revised standards.

The Group and the Company expect that the adoption of the above FRS, if applicable, will have no material impact on the financial statements in the period of initial adoption except as discussed below.

FRS 109 Financial Instruments

FRS 109 supersedes FRS 39 *Financial Instruments: Recognition and Measurement* with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Under FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group will have a choice to recognise the gains and losses in other comprehensive income. A third measurement category has been added for debt instruments – fair value through other comprehensive income. This measurement category applies to debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets.

FRS 109 carries forward the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, FRS 109 retains the requirements in FRS 39 for de-recognition of financial assets and financial liabilities.

FRS 109 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in FRS 39. This determines the recognition of impairment provisions as well as interest revenue. For financial assets at amortised cost or fair value through other comprehensive income, the Group will now always recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition.

FRS 109 also introduces a new hedge accounting model designed to allow entities to better reflect their risk management activities in their financial statements.

The Group plans to adopt FRS 109 in the financial year beginning on 1 January 2018 with retrospective effect in accordance with the transitional provisions. There may be a potentially significant impact on the accounting for financial instruments on initial adoption. Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard, however the Group will be required to reassess the classification and measurement of financial assets and the new impairment requirements are expected to result in changes for impairment provisions on trade receivables and other financial assets not measured at fair value through profit or loss.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

FRS issued but not yet effective *(Continued)*

FRS 115 Revenue from Contracts with Customers

FRS 115 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under FRS. The model features a five-step analysis to determine whether, how much and when revenue is recognised, and two approaches for recognising revenue: at a point in time or over time. The core principle is that an entity recognises revenue when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FRS 115 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

On initial adoption of this standard there may be a potentially significant impact on the timing and profile of revenue recognition of the Group. Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard. The Group plans to adopt the standard in the financial year beginning on 1 January 2017 with either full or modified retrospective effect in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries made up to the end of the reporting period. The financial statements of the subsidiaries are prepared for the same reporting date as that of the parent company.

Accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group to ensure consistency.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which that control ceases. In preparing the consolidated financial statements, inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment loss of the asset transferred.

Non-controlling interests in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the parent. They are shown separately in the consolidated statements of comprehensive income, financial position and changes in equity.

Non-controlling interests in the acquiree that have a present ownership interest and entitle its holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the 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 interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration also includes the fair value of any contingent consideration.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with FRS 105 Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at the lower of cost and fair value less costs to sell.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss.

Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 Income Taxes and FRS 19 *Employee Benefits* respectively;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations (Continued)

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 102 *Share-based Payment*; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquire and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquire and the fair value of the acquirer's previously held equity interest in the acquire (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Acquisition under common control

Business combination arising from transfers of interest in entities that are under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. For this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously and no adjustments are made to reflect the fair values or recognised any new assets or liabilities, including no goodwill is recognised as a result of the combination. The components of equity of the acquired entities are added to the same components within the Group equity. Any difference between the cash paid for the acquisition and share capital of acquiree is recognised directly to equity as merger reserve.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the separate financial statements of the Company, investments in subsidiaries are carried at cost, less any impairment loss that has been recognised in profit or loss.

2.5 Plant and equipment

Plant and equipment are initially recorded at cost. Subsequent to initial recognition, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Subsequent expenditure relating to the plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group, and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

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

Depreciation is calculated using the straight-line method to allocate the depreciable amounts of plant and equipment over their estimated useful lives as follows:

	Years
Computer equipment	5
Electrical equipment	6 – 10
Motor vehicles	5
Medical equipment	5 – 8
Office equipment, furniture and fittings	5 – 6
Renovation	6 – 10

The residual values, estimated useful lives and depreciation method are reviewed at each financial year-end to ensure that the residual values, period of depreciation and depreciation method are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment losses, if any.

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

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying amount may be impaired either individual or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the changes in useful life from indefinite to finite is made on prospective basis.

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

Computer software

Acquired computer software are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the software for its intended use. Direct expenditure which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured is added to the original cost of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

Subsequent to initial recognition, computer software is carried at cost less accumulated amortisation and accumulated impairment losses. The cost of computer software is amortised to profit or loss using the straight-line method over the estimated useful life of 5 years.

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Intangible assets (Continued)

Goodwill *(Continued)*

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 a subsequent period.

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

Contractual relationships

Contractual relationships acquired in a business combination and measured at its fair value as at the date of acquisition. Following initial recognition, contractual relationship are carried at cost less any accumulated amortisation and any accumulated impairment losses. The contractual relationships are amortised over the estimated useful life of 10 years.

2.7 Impairment of non-financial assets excluding goodwill

The carrying amounts of non-financial assets excluding goodwill are reviewed at the end of each reporting period to determine whether there is any indication of impairment loss and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups of assets. Impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to other comprehensive income, in which case it is charged to other comprehensive income up to the amount of any previous revaluation.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. Recoverable amount is determined for individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit to which the assets belong. The fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable willing parties less costs of disposal. Value in use is the present value of estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life, discounted at pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Impairment of non-financial assets excluding goodwill (Continued)

An assessment is made at the end of each reporting period as to whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. An impairment loss recognised in prior periods is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment loss are recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal in excess of impairment losses recognised in profit or loss in prior periods is treated as a revaluation increase. After such a reversal, the depreciation or amortisation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on a weighted average basis and includes all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price at which inventories can be realised in the ordinary course of business, less estimated costs incurred in marketing and distribution. Where necessary, the carrying values of inventories are adjusted to lower of cost and net realisable value.

2.9 Financial assets

The Group and the Company classify their financial assets as loans and receivables. The classification depends on the purpose of which the assets were acquired. The management determines the classification of the financial assets at initial recognition and re-evaluates this designation at the end of the reporting period, where allowed and appropriate.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are classified within "trade and other receivables" and "cash and cash equivalents" on the statements of financial position.

Recognition and derecognition

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become parties to contractual provisions of the financial instruments.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit to purchase or sell the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (Continued)

Recognition and derecognition *(Continued)*

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership.

On derecognition of a financial asset, the difference between the carrying amount and the net sale proceeds is recognised in profit or loss.

Initial and subsequent measurement

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

After initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less impairment loss, if any.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Impairment

The Group and the Company assess at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(i) Loans and receivables

An allowance for impairment loss of loans and receivables is recognised when there is objective evidence that the Group and the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of allowance 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. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in profit or loss.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and cash at bank net of bank borrowings.

2.11 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity and recognised at the fair value of the consideration received. Incremental costs directly attributable to the issuance of new equity instruments are shown in equity as a deduction from the proceeds.

2.12 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition. The Group and the Company have not designated any financial liabilities as fair value through profit or loss upon initial recognition.

The accounting policies adopted for other financial liabilities are set out below:

(i) Trade and other payables

Trade and other payables are recognised initially at cost which represents the fair value of the consideration to be paid in the future, less transaction cost, for goods received or services rendered, whether or not billed to the Group and the Company, and are subsequently measured at amortised cost using the effective interest method.

(ii) Bank borrowings

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

Borrowings which are due to be settled within 12 months after the end of the reporting period are presented as current borrowings even though the original terms were for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period and before the financial statements are authorised for issue. Other borrowings due to be settled more than 12 months after the end of the reporting period are presented as non-current borrowings in the statements of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial liabilities (Continued)

Recognition and derecognition

Financial liabilities are recognised on the statements of financial position when, and only when, the Group and the Company become parties to the contractual provisions of the financial instruments.

Financial liabilities are derecognised when the contractual obligation has been discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

When an existing liability is replaced by another form from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.13 Provisions

Provisions are recognised when the Group and the Company have a present obligation as a result of a past event and it is probable an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

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

2.14 Revenue recognition

Revenue is measured at fair value of the consideration received or receivable for the sale of goods and services rendered in the ordinary course of business. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is presented, net of rebates, discounts and sales related taxes.

Revenue from rendering of services is recognised when the services have been performed and accepted by the customers in accordance with the relevant terms and conditions of the contract.

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

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

2.15 Employee benefits

Defined contribution plan

Obligations for contributions to defined contribution plans are recognised as expenses in profit or loss in the periods during which related services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2.16 Operating leases

When the Group is the lessee of operating leases

Leases of assets in which 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 recognised in 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 financial year in which termination takes place.

2.17 Finance costs

Finance costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised as expenses in profit or loss in the financial year in which they are incurred. Finance costs are recognised on a time-proportion basis in profit or loss using the effective interest method.

2.18 Income tax

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity, or in other comprehensive income.

Current income tax expense is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to income tax payable in respect of previous financial years.

Deferred tax is provided, using the liability method, for temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is measured using the tax rates expected to be applied to the temporary differences when they are realised or settled, based on tax rates enacted or substantively enacted by the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Income tax (Continued)

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profits will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same tax authority and where there is intention to settle the current tax assets and liabilities on a net basis.

Deferred tax liabilities are recognised for all taxable temporary differences associated with 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.

2.19 Foreign currencies

Foreign currency transactions

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

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost of the functional currency at the beginning of the year, adjusted for effective interest and payments during the financial year, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on re-translation are recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Foreign currencies (Continued)

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at average exchange rates for the financial year which approximates the exchange rates at the dates of the transactions (unless this 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).

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation account in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation account related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the foreign currency translation account in equity.

2.20 Dividends

Dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by shareholders.

2.21 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group) and whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

3.1 Critical judgements made in applying the accounting policies

In the process of applying the Group's and the Company's accounting policies, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements except as discussed below.

(i) Impairment of investments in subsidiaries and financial assets

The Group and the Company follow the guidance of FRS 36 and FRS 39 on determining whether investments in subsidiaries or financial assets are impaired. This determination requires significant judgement. The Group and the Company evaluate, among other factors, the duration and extent to which the fair values of investments in subsidiaries or financial assets are less than their cost and the financial health of and near-term business outlook for the investments in subsidiaries or financial assets, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses within the next financial year are discussed below.

(i) Depreciation of plant and equipment

Plant and equipment are depreciated on a straight-line method over their estimated useful lives. The management estimates the useful lives of plant and equipment to be between 5 and 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation could be revised. The carrying amounts of the Group's and the Company's plant and equipment as at 31 December 2014 were $4,285,498 and $187,341 (2013: $2,475,402) respectively.

(ii) Goodwill and intangible assets

The management determines whether goodwill and contractual relationships are impaired at least on an annual basis. This requires an estimation of the recoverable amounts of the cash-generating units to which the goodwill and contractual relationships are allocated. Recoverable amount of the cash-generating units is the higher of its fair value less costs to sell or its value in use. The value in use calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for the extrapolation purposes. The key assumptions applied in the determination of the value in use industry sensitivity analysis. The carrying amount of the Group's goodwill and contractual relationships as at 31 December 2014 was $7,969,861 and $5,167,500 (2013: $Nil and $Nil) respectively.

Intangible assets other than goodwill is amortised on a straight line method over the estimated useful life of between 5 and 10 years. Changes in the expected level of benefits to be derived from the intangible assets could impact the economic useful life and the residual value of the intangible assets and therefore, future amortisation charges may be revised. The carrying amount of the Group's intangible assets other than goodwill as at 31 December 2014 was $5,248,838 (2013: $96,882).

(iii) Allowance for impairment loss on receivables

The management establishes allowance for impairment loss on receivables on a case-by-case basis when they believe that payment of amounts owed is unlikely to occur. In establishing these allowances, the management considers its historical experience and changes to its customers' financial position. If the financial conditions of receivables were to deteriorate, resulting in impairment of their abilities to make the required payments, additional allowances may be required. The carrying amounts of trade and other receivables of the Group and of the Company as at 31 December 2014 were $2,569,830 and $7,772,640 (2013: $1,217,460) respectively.

(iv) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the Group's provision for income taxes. The Group recognises expected assets and liabilities for tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual liability arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax provisions in the financial year when such determination is made. The carrying amounts of current income tax payable and deferred tax liabilities of the Group as at 31 December 2014 were $767,444 and $908,665 (2013: $511,434 and $Nil) respectively.

4. PLANT AND EQUIPMENT

	Computer equipment $	Electrical equipment $	Motor vehicles $	Medical equipment $	Office equipment, furniture and fittings $	Renovation $	Total $
Group							
Cost							
Balance at 1.1.2014	174,274	465,683	67,130	4,266,817	252,334	1,315,147	6,541,385
Reclassification	–	83,650	–	–	–	(83,650)	–
Additions	189,223	623	–	1,177,200	72,494	1,054,631	2,494,171
Disposals	–	–	–	(22,953)	(294)	–	(23,247)
Written-off	–	–	–	(223,664)	(17)	(891)	(224,572)
Currency re-alignment	(4,654)	(9,072)	(1,306)	(77,951)	(5,745)	(28,816)	(127,544)
Balance at 31.12.2014	358,843	540,884	65,824	5,119,449	318,772	2,256,421	8,660,193
Accumulated depreciation							
Balance at 1.1.2014	107,135	85,352	26,851	2,837,550	152,347	856,748	4,065,983
Reclassification	–	11,153	–	–	–	(11,153)	–
Depreciation for the financial year	31,895	50,682	13,484	396,509	21,141	111,001	624,712
Disposals	–	–	–	(15,685)	(5)	–	(15,690)
Written-off	–	–	–	(214,758)	(6)	(243)	(215,007)
Currency re-alignment	(2,594)	(2,860)	(841)	(57,780)	(3,400)	(17,828)	(85,303)
Balance at 31.12.2014	136,436	144,327	39,494	2,945,836	170,077	938,525	4,374,695
Carrying amount							
Balance at 31.12.2014	222,407	396,557	26,330	2,173,613	148,695	1,317,896	4,285,498

4. **PLANT AND EQUIPMENT** (CONTINUED)

	Computer equipment $	Electrical equipment $	Motor vehicles $	Medical equipment $	Office equipment, furniture and fittings $	Renovation $	Total $
Group							
Cost							
Balance at 1.1.2013	177,754	300,702	69,550	4,004,420	209,127	1,139,274	5,900,827
Additions	41,711	185,172	–	1,183,357	93,852	418,363	1,922,455
Disposals	(20,476)	–	–	(760,594)	(17,922)	–	(798,992)
Written-off	(18,518)	(8,910)	–	(19,163)	(25,211)	(201,845)	(273,647)
Currency re-alignment	(6,197)	(11,281)	(2,420)	(141,203)	(7,512)	(40,645)	(209,258)
Balance at 31.12.2013	174,274	465,683	67,130	4,266,817	252,334	1,315,147	6,541,385
Accumulated depreciation							
Balance at 1.1.2013	107,456	2,637	13,910	2,830,668	144,166	858,741	3,957,578
Depreciation for the financial year	23,348	87,383	13,488	511,305	33,797	125,215	794,536
Disposals	(10,579)	–	–	(394,958)	(8,557)	–	(414,094)
Written-off	(9,339)	(4,190)	–	(10,484)	(11,981)	(97,199)	(133,193)
Currency re-alignment	(3,751)	(478)	(547)	(98,981)	(5,078)	(30,009)	(138,844)
Balance at 31.12.2013	107,135	85,352	26,851	2,837,550	152,347	856,748	4,065,983
Carrying amount							
Balance at 31.12.2013	67,139	380,331	40,279	1,429,267	99,987	458,399	2,475,402

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4. PLANT AND EQUIPMENT (CONTINUED)

	Computer equipment $	Office equipment, furniture and fittings $	Renovation $	Total $
Company				
Cost				
Balance at date of incorporation	–	–	–	–
Additions	40,760	13,483	144,243	198,486
Balance at 31.12.2014	40,760	13,483	144,243	198,486
Accumulated depreciation				
Balance at date of incorporation	–	–	–	–
Depreciation for the financial year	2,437	776	7,932	11,145
Balance at 31.12.2014	2,437	776	7,932	11,145
Carrying amount				
Balance at 31.12.2014	38,323	12,707	136,311	187,341

For the purpose of consolidated statement of cash flows, the Group's addition to plant and equipment were financed as follows:–

	Group	
	2014 $	2013 $
Addition of plant and equipment	2,494,171	1,922,455
Provision for restoration costs	(241,158)	–
Cash payment to acquire plant and equipment	2,253,013	1,922,455

The management carried out a review of plant and equipment which were either obsolete or physically damaged. The review resulted in plant and equipment written-off during the financial year ended 31 December 2014 amounting to $9,565 (2013: $140,454) which is recognised in "other expenses" in profit or loss.

NOTES TO
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5. INTANGIBLE ASSETS

	Computer software $	Goodwill $	Contractual relationships $	Total $
Group				
Cost				
Balance at 1.1.2014	364,843	–	–	364,843
Additions	12,451	–	–	12,451
Arising from acquisition of subsidiary	–	7,969,861	5,300,000	13,269,861
Written-off	(13,607)	–	–	(13,607)
Currency re-alignment	(6,774)	–	–	(6,774)
Balance at 31.12.2014	356,913	7,969,861	5,300,000	13,626,774
Accumulated amortisation				
Balance at 1.1.2014	267,961	–	–	267,961
Amortisation for the financial year	26,717	–	132,500	159,217
Written-off	(13,607)	–	–	(13,607)
Currency re-alignment	(5,496)	–	–	(5,496)
Balance at 31.12.2014	275,575	–	132,500	408,075
Carrying amount				
Balance at 31.12.2014	81,338	7,969,861	5,167,500	13,218,699
Remaining useful life as at 31 December 2014 (years)	2 to 4	–	9.75	
Cost				
Balance at 1.1.2013	396,144	–	–	396,144
Additions	8,600	–	–	8,600
Disposals	(11,041)	–	–	(11,041)
Written-off	(15,159)	–	–	(15,159)
Currency re-alignment	(13,701)	–	–	(13,701)
Balance at 31.12.2013	364,843	–	–	364,843
Accumulated amortisation				
Balance at 1.1.2013	261,866	–	–	261,866
Amortisation for the financial year	28,247	–	–	28,247
Disposals	(4,969)	–	–	(4,969)
Written-off	(8,001)	–	–	(8,001)
Currency re-alignment	(9,182)	–	–	(9,182)
Balance at 31.12.2013	267,961	–	–	267,961
Carrying amount				
Balance at 31.12.2013	96,882	–	–	96,882
Remaining useful life as at 31 December 2013 (years)	3 to 4	–	–	

5. INTANGIBLE ASSETS (CONTINUED)

	Computer software $
Company	
Cost	
Balance at date of incorporation	–
Additions	1,225
Balance at 31.12.2014	1,225
Accumulated amortisation	
Balance at date of incorporation	–
Amortisation for the financial period	126
Balance at 31.12.2014	126
Carrying amount	
Balance at 31.12.2014	1,099

Amortisation of computer software and contractual relationships are included in “administrative expenses” and “other expenses” respectively in profit or loss.

Goodwill

Goodwill on consolidation arises from the acquisition of a subsidiary, ISEC Eye Pte. Ltd. Goodwill arising from the business combination was allocated to a single cash-generating unit (“CGU”) that is expected to benefit from the business combination.

The recoverable amounts of the CGU have been determined based on value in use calculations using cash flow projections from financial highlights covering a four-year period and projection to terminal year. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to upward prices revision and direct costs during the financial year as stated as follows:

	Year 1 to Year 4 %	Year 5 onwards %
Growth rate	5	0
Discount rate	21	26

With regards to the assessment of value in use for the goodwill, management believes that no reasonably possible changes in any key assumptions would cause the carrying value of the unit to materiality exceed its recoverable amount.

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5. INTANGIBLE ASSETS (CONTINUED)

Goodwill (Continued)

Management estimates the discount rate using post-tax rates that reflect current market assessment of the time value of money and the risks specific to the CGU. The growth rate is based on management's estimates and expectations from historical trends. Changes in upward prices revision and direct costs are based on past practices and expectation of future changes in the market.

Contractual relationships

Contractual relationships relate to an agreement between ISEC Eye Pte. Ltd. ("ISEC Eye") and Parkway Hospitals Singapore Pte. Ltd. ("PHS") where ISEC Eye has agreed to provide specialist ophthalmology services to the Lee Hung Ming Eye Centre ("Clinic") located at Gleneagles Hospital Singapore. The Clinic is operated by PHS which manages the daily operations, including purchasing, marketing and expenditures relating to equipment and supplies.

The recoverable amounts of the contractual relationships have been determined based on value in use calculations using cash flow projections from financial highlights covering a ten-year period. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to upward prices revision and direct costs during the financial year as stated as follows:

	Year 1 to Year 5	Year 6 to Year 10
	%	%
Growth rate	5	0
Discount rate	23	28

With regards to the assessment of value in use for the contractual relationships, management believes that no reasonably possible changes in any key assumptions would cause the carrying value of the unit to materiality exceed its recoverable amount.

Management estimates the discount rate using post-tax rates that reflect current market assessment of the time value of money and the risks specific to the contractual relationships. The growth rate is based on management's estimates and expectations from historical trends. Changes in upward prices revision and direct costs are based on past practices and expectation of future changes in the market.

Based on management's review, no impairment charge was recognised during the financial year.

6. INVESTMENT IN SUBSIDIARIES

	Company 2014 $
Unquoted equity shares, at cost	20,090,100

The particulars of the subsidiaries are as follows:

Name of company (Principal place of business)	Proportion of ownership interest held 2014 %	2013 %	Proportion of ownership interest held by non-controlling interests 2014 %	2013 %	Principal activities
Held by the Company					
ISEC Sdn. Bhd.[(2)] (Malaysia)	100	100	–	–	Medical eye care services
ISEC Eye Pte. Ltd.[(1)] (Singapore)	100	–	–	–	Medical eye care services
International Specialist Eye Centre Pte. Ltd.[(1)] (Singapore)	100	–	–	–	Medical eye care services
Held by ISEC Sdn. Bhd.					
ISEC (Penang) Sdn. Bhd.[(2)] (Malaysia)	66	66	34	34	Medical eye care services
ISEC (Ampang) Sdn. Bhd.[(2)] (Malaysia)	–	70	–	30	Medical eye care services

(1) Audited by BDO LLP, Singapore
(2) Audited by BDO, Malaysia, a member of BDO International Limited

The summarised financial information before intra-group elimination of the subsidiary that have material non-controlling interests as at the end of each reporting period are as follows:

	Group 2014 $	Group 2013 $
ISEC (Penang) Sdn. Bhd.		
Assets and liabilities		
Non-current assets	1,418,704	1,557,191
Current assets	331,217	91,407
Non-current liabilities	(8,937)	-
Current liabilities	(2,350,368)	(2,068,030)
Net liabilities	(609,384)	(419,432)
Results		
Revenue	1,257,699	384,447
Loss for the financial year	(202,930)	(786,600)
Total comprehensive income for the financial year	(202,930)	(786,600)
Net cash used in operating activities	(32,279)	(349,510)
Net cash used in investing activities	(79,355)	(1,387,090)
Net cash from financing activities	1,086,987	792,978
Net change in cash and cash equivalents	975,353	(943,622)

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Prior to the listing of the Company, a restructuring exercise (the "Restructuring Exercise") was carried out which resulted in the Company becoming the holding company of the Group. The following steps were taken in the Restructuring Exercise:

Transfer of International Specialist Eye Centre Pte. Ltd. to the Company

On 2 January 2014, International Specialist Eye Centre Pte. Ltd. ("ISEC Singapore") was incorporated in Singapore by individual shareholders, with an initial share capital of $100. On 30 April 2014, the shares in ISEC Singapore were transferred from the individual shareholders to the Company for a consideration of $100.

Acquisition of ISEC Sdn. Bhd.

Pursuant to a sale and purchase agreement dated 26 September 2014 between the Company (as purchaser) and shareholders of ISEC Sdn. Bhd. (as vendors), the Company acquired the entire issued and fully paid-up share capital of ISEC Sdn. Bhd., a company incorporated in Malaysia for an aggregate consideration of $3,990,000, which was satisfied by the allotment and issuance of 28,500,000 ordinary shares of the Company.

Disposal of subsidiary

On 31 March 2014, ISEC (Ampang) Sdn. Bhd. was disposed of to a third party for a cash consideration of $141,470. The disposal consideration was fully settled in cash.

The effects of the disposal of subsidiary on the consolidated statement of cash flows were as follows:

	2014 $
Trade and other receivables	201,943
Prepayments	544
Cash and cash equivalents	1,239
	203,726
Trade and other payables	(1,933)
Non-controlling interests	(60,538)
Carrying value of net assets	141,255
Foreign currency translation account	33,166
Loss on disposal	(32,951)
Proceeds from disposal of subsidiary	141,470

Acquisition of ISEC Eye Pte. Ltd.

On 26 September 2014, the Company acquired the entire issued and fully paid-up share capital of ISEC Eye Pte. Ltd., a company incorporated in Singapore for an aggregate fair value consideration of $16,100,000, which was satisfied by the allotment and issuance of 21,500,000 ordinary shares of the Company.

The net fair value of identifiable assets and liabilities of ISEC Eye Pte. Ltd. at the date of acquisition was $8,130,139, thus, resulting in goodwill on acquisition of $7,969,861.

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Acquisition of ISEC Eye Pte. Ltd. (Continued)

The fair values of the identifiable assets and liabilities of ISEC Eye Pte. Ltd. as at the date of acquisition were:

	Fair value recognised on date of acquisition	Carrying amount before combination
	$	$
Contractual relationships	5,300,000	–
Trade and other receivables	997,412	997,412
Cash and cash equivalents	3,811,213	3,811,213
Deferred tax liabilities	(901,977)	(977)
Trade and other payables	(349,235)	(349,235)
Current income tax payable	(727,274)	(727,274)
Net identifiable assets acquired	8,130,139	3,731,139
Goodwill on acquisition	7,969,861	
Total purchase consideration	16,100,000	

Valuation of contractual relationships were performed by an independent external valuer using direct cashflow method under income approach.

From the date of acquisition, ISEC Eye Pte. Ltd. has contributed $1,065,267 and $1,399,765 to the Group's profit for the financial year and revenue respectively. If the combination has taken place at the beginning of the financial year, the Group's profit for the financial year would have been $4,475,203 and revenue would have been $25,418,302.

Trade and other receivables acquired comprise gross trade and other receivables amounting to approximately $997,412 which approximates fair value. It is expected that full contractual amount of the receivables can be collected.

The effects of acquisition of subsidiary on the consolidated statement of cash flows are as follows:

	2014	2013
	$	$
Total purchase consideration	16,100,000	–
Less: Non-cash consideration	(16,100,000)	–
Add: Cash and cash equivalents of subsidiary acquired	3,811,213	–
Net cash inflow on acquisition of subsidiary	3,811,213	–

7. INVENTORIES

	Group	
	2014	2013
	$	$
Medical and surgical supplies	580,255	406,437

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8. TRADE AND OTHER RECEIVABLES

	Group		Company
	2014	2013	2014
	$	$	$
Trade receivables			
– third parties	1,461,163	702,780	–
Non-trade receivables			
– third parties	521,599	306,893	223,717
– subsidiaries	–	–	7,495,448
Accrued revenue	144,361	–	–
Deposits	442,707	207,787	53,475
	2,569,830	1,217,460	7,772,640

Trade receivables are unsecured, non-interest bearing and generally on 60 to 90 days' (2013: 60 to 90 days') credit terms.

Non-trade receivables from subsidiaries are unsecured, non-interest bearing and repayable on demand.

Deposits mainly relate to the refundable rental deposits of premises.

The currency profiles of the trade and other receivables as at the end of the reporting period are as follows:

	Group		Company
	2014	2013	2014
	$	$	$
Singapore dollar	1,648,966	–	6,789,840
Ringgit Malaysia	920,864	1,217,460	982,800
	2,569,830	1,217,460	7,772,640

9. CASH AND CASH EQUIVALENTS

	Group		Company
	2014	2013	2014
	$	$	$
Cash and bank balances, representing cash and cash equivalents as per statements of financial position	27,266,816	2,167,715	17,831,409
Bank borrowings	–	(747,038)	
Cash and cash equivalents as per consolidated statement of cash flows	27,266,816	1,420,677	

The currency profiles of the cash and cash equivalents per statements of financial position as at the end of the reporting period are as follows:

	Group		Company
	2014	2013	2014
	$	$	$
Singapore dollar	23,446,965	–	17,831,409
Ringgit Malaysia	3,819,851	2,167,715	–
	27,266,816	2,167,715	17,831,409

10. SHARE CAPITAL

	Group			
	2014	2013	2014	2013
	Number of ordinary shares		$	$
Issued and fully-paid:				
At beginning of financial year*	1,000,000	1,000,000	418,000	418,000
Issue of subscribers' share at incorporation of the Company	100	–	100	–
Issue of shares pursuant to the restructuring exercise	55,499,900	–	25,589,900	–
Adjustment pursuant to the restructuring exercise	(1,000,000)	–	(418,000)	–
	55,500,000	1,000,000	25,590,000	–
Sub-division of shares	333,000,000	–	–	–
Issue of shares pursuant to an initial public offering exercise	70,000,000	–	19,600,000	–
Share issue expenses	–	–	(1,559,788)	–
At end of financial year	458,500,000	1,000,000	43,630,212	418,000

* For the purpose of the consolidated financial statements, the share capital of the Group for the financial year ended 31 December 2013 represents the share capital of ISEC Sdn. Bhd. as the Company was incorporated on 2 January 2014.

	Company	
	2014	2014
	Number of ordinary shares	$
Issued and fully-paid:		
Issue of subscribers' share at incorporation of the Company	100	100
Issue of shares pursuant to the restructuring exercise	55,499,900	25,589,900
	55,500,000	25,590,000
Sub-division of shares	333,000,000	–
Issue of shares pursuant to an initial public offering exercise	70,000,000	19,600,000
Share issue expenses+	–	(1,559,788)
At end of financial year	458,500,000	43,630,212

\+ Included in these expenses is an allocation portion of professional fees paid to the independent auditors of the Company in respect of professional services rendered as independent reporting auditors in connection with the Company's initial public offering. This allocation portion of professional fees amounted to $37,000.

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

On 2 January 2014, the Company issued 100 subscriber's share for a cash consideration of $100 at the date of its incorporation.

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10. SHARE CAPITAL (CONTINUED)

On 24 July 2014 and 8 September 2014, the Company issued 2,250,000 ordinary shares and 3,249,900 ordinary shares respectively for a total cash consideration of $5,499,900.

On 26 September 2014, the Company issued 28,500,000 ordinary shares and 21,500,000 ordinary shares respectively to respective vendors of ISEC Sdn. Bhd. and ISEC Eye Pte. Ltd. amounting to $20,090,000.

On 26 September 2014, the issued and fully paid-up capital of the Company of 55,500,000 ordinary shares were sub-divided into 388,500,000 ordinary shares.

On 28 October 2014, the Company issued 70,000,000 ordinary shares at $0.28 per share pursuant to the Company's initial public offering exercise for a total cash consideration of $19,600,000. The proceeds from the initial public offering will be used for business expansion in the Asia Pacific region and for general working capital purposes.

11. OTHER RESERVES

	Group	
	2014	2013
	$	$
Foreign currency translation account	(296,248)	(182,422)
Merger reserve	(3,572,000)	–
	(3,868,248)	(182,422)

Foreign currency translation account

The foreign currency translation account comprises all foreign 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 and is non-distributable.

Movement in the foreign currency translation account is set out in the consolidated statement of changes in equity.

Merger reserve

Merger reserve represents the difference between the consideration paid and the issued share capital of subsidiary under common control that are accounted for by applying the "pooling-of-interest" method.

12. RETAINED EARNINGS

Retained earnings are distributable and the movement of retained earnings of the Company are as follows:

	Company 2014 $
Balance at date of incorporation	–
Profit for the financial period, representing total comprehensive income for the financial period	2,078,097
Balance at 31 December 2014	2,078,097

13. REDEEMABLE PREFERENCE SHARES

	Group 2013 Number of redeemable preference shares	Group 2013 $
Balance at beginning of financial year	450,000	179,775
Redeemed during the financial year	(450,000)	(174,330)
Currency re-alignment	–	(5,445)
Balance at end of financial year	–	–

The redeemable preference shares relate to those issued by one of the subsidiaries, ISEC Sdn. Bhd.

During the financial year ended 31 December 2013, 450,000 redeemable preference shares were redeemed at RM1.00 each (approximately $0.38 each).

The general terms and conditions of the redeemable preference shares ("RPS") issued were:

i. They were for a tenure of 10 years commencing from the date of incorporation of ISEC Sdn. Bhd.

ii. They were redeemable, non-convertible and non-participating.

iii. They carried a cumulative preference dividend at the rate of 10% per annum on the distributable profits and to be paid annually in arrears on the anniversary of the issue of RPS.

iv. In the event that the ISEC Sdn. Bhd. was being wound up, where surplus assets were available for distribution amongst its members, the RPS shall rank priority over any other class of shares in the ISEC Sdn. Bhd., but shall not be entitled to any further or other participation in the profits or assets of the Company.

v. The ISEC Sdn. Bhd. may at its discretion redeem all or part of the RPS for cash, at the nominal value of RM0.01 with a premium of RM0.99 on each RPS after the first anniversary of the issuance of RPS.

14. PROVISIONS

Provision for restoration costs

Provision for dismantlement, removal or restoration are the estimated costs of dismantlement, removal or restoration of plant and equipment arising from the acquisition or use of assets, which are capitalised and included in the cost of plant and equipment.

Movements in the provision during the financial year were as follows:

	Group		Company
	2014	2013	2014
	$	$	$
Balance at beginning of financial year/date of incorporation	–	–	–
Provisions made during the financial year	241,158	–	18,359
Amortisation of discount	7,786	–	116
Currency re-alignment	(2,376)	–	–
Balance at end of financial year	246,568	–	18,475

15. DEFERRED TAX LIABILITIES

	Group	
	2014	2013
	$	$
Balance at beginning of financial year	–	–
Fair value adjustment on net identifiable assets acquired	901,000	–
Charged to profit or loss	7,665	–
Balance at end of financial year	908,665	–

Deferred tax liabilities are attributable to the following temporary differences computed at the respective countries' statutory tax rate in which the Group operates:

	Group	
	2014	2013
	$	$
Accelerated tax depreciation	30,190	–
Contractual relationships	878,475	–
	908,665	–

16. TRADE AND OTHER PAYABLES

	Group		Company
	2014	2013	2014
	$	$	$
Trade payables			
– third parties	1,298,270	601,681	–
Non-trade payables			
– third parties	706,376	300,623	11,051
– subsidiaries	–	–	35,280
	706,376	300,623	46,331
Accrued expenses	493,001	244,249	118,968
Dividend payable	–	1,812,320	–
	2,497,647	2,958,873	165,299

Trade payables are unsecured, non-interest bearing and are normally settled on 30 to 90 days' (2013: 30 to 90 days') terms.

Non-trade payables due to subsidiaries of the Company are unsecured, non-interest bearing and repayable on demand.

The currency profiles of the trade and other payables as at the end of the reporting period are as follows:

	Group		Company
	2014	2013	2014
	$	$	$
Singapore dollar	1,015,642	–	130,019
Ringgit Malaysia	1,482,005	2,958,873	35,280
	2,497,647	2,958,873	165,299

17. BANK BORROWINGS

Bank borrowings relate to bank overdraft which is unsecured, repayable on demand and supported by corporate guarantee from a subsidiary and a related party.

The average effective interest rate per annum of the borrowings for the financial year ended 31 December 2014 was 5.96% (2013: 5.85%).

As at the end of the reporting period, the Group had banking facilities as follows:

	2014	2013
	$	$
Facilities granted	–	964,000
Facilities utilised	–	747,038

The currency profile of the Group's bank borrowings as at the end of the reporting period was Ringgit Malaysia.

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18. REVENUE

Revenue represents the fees charged on services rendered, net of discount and goods and services tax.

19. OTHER INCOME

	Group	
	2014	2013
	$	$
Foreign exchange gain, net	–	3,182
Gain on disposal of plant and equipment	3,428	–
Interest income	56,194	31,716
Others	18,310	4,809
	77,932	39,707

20. FINANCE COSTS

	Group	
	2014	2013
	$	$
Interest expense:		
– bank borrowings	36,151	29,206
– amortisation of discount on provision	7,786	–
	43,937	29,206

21. PROFIT BEFORE INCOME TAX

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following charges:

	Group	
	2014	2013
	$	$
Cost of sales		
Cost of inventories	4,950,327	4,508,700
Depreciation of plant and equipment	396,509	447,863
Doctors' consultancy fees	5,516,646	5,709,911
Employee benefits expense		
– salaries, bonus and other benefits	1,417,437	–
– defined contribution plans	49,762	–
Selling and distribution expenses		
Advertisements	88,280	30,340
Exhibition expenses	22,133	31,901
Internet expenses	56,027	50,402

21. PROFIT BEFORE INCOME TAX (CONTINUED)

	Group	
	2014	2013
	$	$
Administrative expenses		
Audit fees		
– auditors of the Company	58,520	15,883
Non-audit fees		
– auditors of the Company	44,800	28,247
Depreciation of plant and equipment	228,203	346,673
Amortisation of intangible assets	26,717	28,247
Directors of the Company		
– fees	53,667	11,622
– salaries, bonus and other benefits	59,333	–
– defined contribution plans	2,427	–
Directors of the subsidiaries		
– fees	–	15,496
– salaries, bonus and other benefits	26,853	–
– defined contribution plans	3,493	–
Employee benefits expense		
– salaries, bonus and other benefits	1,979,487	1,487,213
– defined contribution plans	233,410	174,637
Share issue expenses*	1,443,046	–
Operating lease expenses		
– rental of equipment	11,188	8,815
– rental of premises	781,880	526,832
Other expenses		
Loss on disposal of a subsidiary	32,951	–
Amortisation of intangible assets	132,500	–
Intangible assets written-off	–	7,158
Plant and equipment written-off	9,565	140,454

* Included in these expenses were professional fees paid to the external auditors of the Company amounting to approximately $203,000 in respect of an allocated portion of professional services rendered as independent reporting auditors in connection with the Company's initial public offering. The other portion of the professional fees rendered as independent reporting auditors, amounting to $37,000 was charged to share issue expenses under share capital (Note 10).

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22. INCOME TAX EXPENSE

	Group 2014 $	Group 2013 $
Current income tax		
– current financial year	1,332,598	982,575
– (over)/under provision in prior financial years	(97,555)	3,699
	1,235,043	986,274
Deferred tax		
– current financial year	29,726	–
– over provision in prior financial year	(21,329)	–
	8,397	–
Total income tax expense recognised in profit or loss	1,243,440	986,274

Reconciliation of effective income tax rate

	Group 2014 $	Group 2013 $
Profit before income tax	3,141,466	3,299,351
Income tax calculated at Singapore's statutory income tax rate of 17% (2013: 17%)	534,049	560,890
Effect of different tax rate in other countries	403,586	263,948
Tax effect of income not subject to income tax	(31,644)	(9,685)
Tax effect of non-deductible expenses for income tax purposes	4,464	1,228
Tax effect of tax exemption	(25,925)	–
Deferred tax assets not recognised	477,794	206,484
Utilisation of deferred tax assets not recognised previously	–	(40,290)
(Over)/Under provision of current income tax in prior financial years	(97,555)	3,699
Over provision of deferred tax liabilities	(21,329)	–
	1,243,440	986,274

Unrecognised deferred tax assets

	Group 2014 $	Group 2013 $
Balance at beginning of financial year	302,283	131,290
Amount not recognised during financial year	477,794	206,484
Utilisation of deferred tax assets not recognised previously	–	(40,290)
Currency re-alignment	(737)	4,799
Balance at end of financial year	779,340	302,283

22. INCOME TAX EXPENSE (CONTINUED)

Unrecognised deferred tax assets (Continued)

Unrecognised deferred tax assets are attributable to the following temporary differences:

	Group	
	2014	2013
	$	$
Unutilised tax losses	631,517	154,460
Unabsorbed capital allowances	174,461	174,461
Others	(26,638)	(26,638)
	779,340	302,283

As at 31 December 2014, the Group has unutilised tax losses and unabsorbed capital allowances of approximately $3,567,000 (2013: $618,000) and $698,000 (2013: $698,000) respectively available for offset against future taxable profits subject to the agreement by the tax authorities and provisions of the tax legislations of the respective countries in which the Group operates.

These deferred tax assets have not been recognised as it is not certain whether future taxable profits will be available against which the Group can utilise these benefits. Accordingly, these deferred tax assets have not been recognised in the financial statements in accordance with the accounting policy in Note 2.18 to the financial statements.

23. EARNINGS PER SHARE

The calculation of earnings per share is based on:

	Group	
	2014	2013
	$	$
Profit attributable to owners of the parent	1,967,217	2,683,591
Weighted average number of ordinary shares in issue during the financial year applicable to basic earnings per share	363,298,012	350,832,258
Earnings per share (in cents) – basic and diluted	0.54	0.76

Basic earnings per share is calculated by dividing the net profit for the financial year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year. As the Group has no dilutive potential ordinary shares, the diluted earnings per share is equivalent to basic earnings per share for the financial year.

For comparative purposes, the earnings per share for the financial year ended 31 December 2013 were based on the aggregate of number of the weighted average number of shares of the Company after the common control combination.

24. DIVIDENDS

	Group	
	2014	2013
	$	$
Dividends paid to owners before the restructuring exercise		
ISEC Sdn. Bhd. paid the following dividends in respect of the financial year ended 31 December 2013:		
First interim tax-exempt dividend of approximately $1.18 (RM3.05) per ordinary share	–	1,181,570
Second interim tax-exempt dividend of approximately $1.16 (RM3.00) per ordinary share	–	1,162,200
Third interim tax-exempt dividend of approximately $0.66 (RM1.70) per ordinary share	–	658,580
	–	3,002,350

The Directors of the Company recommend a first and final tax-exempt dividend of $0.0011 per ordinary share amounting to $504,350 be paid in respect of the current financial year. This final dividend has not been recognised as a liability as at the end of reporting period as it is subject to approval by shareholders at the Annual General Meeting of the Company.

25. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the financial statements, the following were significant related party transactions at rates and terms agreed between the Group and the Company with their related parties during the financial year:

	Group		Company
	2014	2013	2014
	$	$	$
With director of the Company			
Consultancy fees paid	799,338	1,128,828	–
With directors of the subsidiaries			
Consultancy fees paid	2,002,904	1,503,897	–

Key management personnel are directors of the Company and those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company, directly, or indirectly.

25. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

The remuneration of directors of the Company and subsidiaries and key management personnel of the Group during the financial year was as follows:

	Group		Company
	2014	2013	2014
	$	$	$
Directors of the Company			
– short-term employee benefits	503,220	–	52,000
– post employee benefits	40,189	–	2,427
Directors of the subsidiaries			
– short-term employee benefits	26,852	–	–
– post employee benefits	3,493	–	–
Other key management personnel			
– short-term employee benefits	384,773	–	90,500
– post employee benefits	6,273	–	1,400
	964,800	–	146,327

26. OPERATING LEASE COMMITMENTS

The Group as lessee

The Group lease office spaces and clinic premises under non-cancellable operating leases. The operating lease commitments are based on existing rental rates. The leases have lease terms ranging from 2 to 5 years and rentals are fixed during the lease term.

As at the end of the reporting period, the future minimum lease payable under non-cancellable operating leases contracted for but not recognised as liabilities were as follows:

	Group	
	2014	2013
	$	$
Within one financial year	1,014,151	558,776
After one financial year but within five financial years	1,317,050	823,347
After five financial years	363,027	499,990
	2,694,228	1,882,113

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

27. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker. A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Management monitors the operating results of the segment separately for the purposes of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

The Group has only one operating business segment, which is that of providing medical care, consultancy, treatment and surgery in the field of ophthalmology. Accordingly, no business segment information is presented.

Geographical information

Revenue is based on the country in which the services are provided and country where the customers are located. Non-current assets comprise plant and equipment and intangible assets. Non-current assets are shown by the geographical area in which the assets are located.

	Singapore	Malaysia	Total
	$	$	$
Group			
2014			
Total revenue from external customers	1,731,136	20,266,188	21,997,324
Non-current assets	15,250,572	2,253,625	17,504,197
2013			
Total revenue from external customers	–	17,536,867	17,536,867
Non-current assets	–	2,572,284	2,572,284

Major customers

Revenue are mainly derived from the walk-in patients which are general public. Due to the diverse base of customers to which the Group renders services in each of the reporting periods, the Group is not reliant on any customer for its sales and no one single customer accounted for 5% or more of the Group's total revenue for financial years ended 31 December 2014 and 31 December 2013.

28. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

The Group's and the Company's activities have exposure to credit risks, market risks (including foreign currency risks and interest rates risks) and liquidity risks arising in the ordinary course of business. The Group's and the Company's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's and the Company's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The Group's and the Company's management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

28. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which the risks are managed and measured.

The Group and the Company do not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange rates.

28.1 Credit risks

Credit risks refer to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group and the Company perform ongoing credit evaluation of its counterparties' financial condition and generally do not require collaterals.

The Group does not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics as at the end of the reporting period. As at 31 December 2014, the Company has significant credit exposure arising from the non-trade amounts due from subsidiaries amounting to $7,495,448.

The carrying amounts of financial assets recorded in the financial statements, grossed up for any allowances for impairment losses, represents the Group's and the Company's maximum exposure to credit risks.

The Group's and the Company's major classes of financial assets are trade and other receivables and cash and cash equivalents.

Trade receivables that are neither past due nor impaired are substantially from companies with good credit track record with the Group and the Company.

Bank deposits are mainly deposits with reputable banks with minimum risk of default.

As at the end of the reporting period, the aging analysis of trade receivables past due but not impaired is as follows:

	Group	
	2014	**2013**
	$	**$**
Past due 1 month	68,965	–
Past due 2 months and above	338,730	19,823

28. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

28.2 Market risks

Foreign currency risks

The Group does not have significant exposure to foreign currency risk at the end of the reporting period as the Group mainly operates in Singapore and Malaysia respectively, and deals with local customers and suppliers which transact in Singapore dollar and Ringgit Malaysia respectively.

The Company has investments in foreign subsidiaries, whose net assets are exposed to foreign exchange translation risk.

Interest rate risks

The Group's exposure to market risks for changes in interest rates relates primarily to interest-bearing bank borrowings as shown in Note 17 to the financial statements.

The Group's results are affected by changes in interest rates due to the impact of such changes on interest income and expenses from interest-bearing borrowings which are floating interest rates. It is the Group's policy to obtain quotes from reputable banks to ensure that the most favourable rates are made available to the Group.

The interest rate sensitivity analysis is not presented as the Group does not have significant exposure to interest-bearing borrowings.

28.3 Liquidity risks

Liquidity risks refer to the risks in which the Group and the Company encounter difficulties in meeting their short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group and the Company actively manage operating cash flows so as to ensure that all payment obligations are met. As part of its overall prudent liquidity management, the Group and the Company minimise liquidity risk by ensuring the availability of funding through an adequate amount and maintain sufficient levels of cash to meet working capital requirements.

Contractual maturity analysis

The following tables detail the Group's and the Company's remaining contractual maturity for their non-derivative financial instruments. The tables have been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company are expected to receive or pay.

28. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

28.3 Liquidity risks (Continued)

Contractual maturity analysis (Continued)

	Group		Company
	2014	2013	2014
	$	$	$
Within one financial year			
Financial assets			
Trade and other receivables	2,569,830	1,217,460	7,772,640
Cash and cash equivalents	27,266,816	2,167,715	17,831,409
Total undiscounted financial assets	29,836,646	3,385,175	25,604,049
Financial liabilities			
Trade and other payables	2,497,647	2,958,873	165,299
Bank borrowings	–	791,561	–
Total undiscounted financial liabilities	2,497,647	3,750,434	165,299

28.4 Capital management policies and objectives

The Group and the Company manage capital to ensure that the Group and the Company are able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholders' value.

The Group and the Company are not subject to any externally imposed capital requirements for the financial years ended 31 December 2014 and 31 December 2013.

The management reviews the capital structure to ensure that the Group and the Company are able to service any debt obligations (including principal repayment and interest) based on operating cash flows. Upon review, the Group and the Company will balance the overall capital structure through new share issues and the issue of new debt or the redemption of existing debt, if necessary. The Group's overall strategy remains unchanged from 2013.

At the end of reporting period, the capital of the Group mainly consists of equity holders of the Company comprising share capital, retained earnings and other reserves.

28. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

28.5 Fair value of financial assets and financial liabilities

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

- the fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The fair values of financial assets and financial liabilities are determined as follows:

Fair value hierarchy

The Group and the Company classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

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

Fair value of financial instruments that are not carried at fair value

The carrying amounts of the current financial assets and current financial liabilities that are not carried at fair value approximate their respective fair values as at the end of the reporting period due to the relatively short-term maturity of these financial instruments.

28.6 Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company
	2014	**2013**	**2014**
	$	**$**	**$**
Financial assets			
Loans and receivables	29,836,646	3,385,175	25,604,049
Financial liabilities			
Other financial liabilities, at amortised cost	2,497,647	3,705,911	165,299

29. COMPARATIVE FIGURES

As described on Note 2.1 to the financial statements, the comparative figures of the Group for the preceding financial year have been presented under pooling-of-interest method. The effective date of the pooling-of-interest for accounting purposes predates 1 January 2014, the beginning of the financial year for which the comparative figures are being presented, as if the Group has been under common control prior to 1 January 2014.

There are no comparative figures for the statement of financial position of the Company as this is the first set of audited financial statements prepared since its incorporation on 2 January 2014.

30. EVENTS SUBSEQUENT TO REPORTING PERIOD

30.1 On 30 January 2015, a wholly-owned subsidiary of the Company, ISEC Sdn. Bhd., has entered into an agreement with third parties to incorporate a joint venture company under the proposed name of ISEC (Sibu) Sdn. Bhd. to establish, operate and administer an ophthalmology centre of excellence in the city of Sibu, State of Sarawak in Malaysia.

Pursuant to the agreement, the Group will own 55% equity interest in the joint venture company with the third parties owning the remaining 45%. The initial issued share capital of the joint venture company shall be RM2,000,000 (equivalent to $738,008), comprising 2,000,000 ordinary shares, of which RM10,000 (equivalent to $3,690), comprising 10,000 ordinary shares, shall be issued as fully paid-up upon incorporation of the joint venture company. The remaining RM1,990,000 (equivalent to $734,318) comprising 1,990,000 ordinary shares shall be issued as unpaid shares which are to be paid-up by the respective shareholders at such times as the Directors of the joint venture company may call upon.

30.2 On 20 March 2015, ISEC (Sibu) Sdn. Bhd. was incorporated with initial share capital of RM10,000 (equivalent to $3,690) of which the Group own 55% of equity interest with the third parties owning the remaining 45%.

UNAUDITED PRO FORMA COMBINED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Unaudited pro forma financial information

Prepared based on:

- ISEC Eye acquisition of LHM Companies was assumed to have taken place since 1 January 2013; and
- Acquisition of ISEC Eye by ISEC Healthcare Ltd. was assumed to have taken place since 1 January 2013.

	2014 $	2013 $
Revenue	25,418,302	22,396,587
Cost of sales	(12,612,381)	(10,832,622)
Gross profit	12,805,921	11,563,965
Other item of income		
Other income	78,477	76,113
Other items of expense		
Selling and distribution expenses	(173,519)	(123,060)
Administrative expenses	(6,140,741)	(4,080,207)
Other expenses	(175,230)	(147,612)
Finance costs	(43,937)	(29,206)
Profit before income tax	6,350,971	7,259,993
Income tax expense	(1,875,768)	(1,598,734)
Profit for the financial year	4,475,203	5,661,259
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences – foreign operations	(132,557)	(104,491)
Reclassification arising from disposal of foreign subsidiary	33,166	–
Income tax relating to items that may be reclassified	–	–
Other comprehensive income for the financial year, net of tax	(99,391)	(104,491)
Total comprehensive income for the financial year	4,375,812	5,556,768
Profit/(Loss) attributable to:		
Owners of the parent	4,544,394	6,031,773
Non-controlling interests	(69,191)	(370,514)
	4,475,203	5,661,259
Total comprehensive income attributable to:		
Owners of the parent	4,430,568	5,935,901
Non-controlling interests	(54,756)	(379,133)
	4,375,812	5,556,768

STATISTICS OF SHAREHOLDINGS
as at 18 March 2015

Number of Ordinary Shares in Issue (excluding treasury shares)	:	458,500,000
Number of Treasury Shares held	:	Nil
Class of Shares	:	Ordinary
Voting Rights (on a poll)	:	One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	9	2.39	8,800	0.00
1,001 – 10,000	159	42.17	1,188,100	0.26
10,001 – 1,000,000	179	47.48	19,851,231	4.33
1,000,001 AND ABOVE	30	7.96	437,451,869	95.41
TOTAL	**377**	**100.00**	**458,500,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	LEE HUNG MING	157,500,000	34.35
2	WONG JUN SHYAN	42,079,905	9.18
3	OH CHIN BENG	26,615,680	5.80
4	TAN CHOON KEAT TONY	19,284,895	4.21
5	IRENE KANG	18,234,895	3.98
6	LOH FOONG HAN	18,234,895	3.98
7	CHOONG YEE FONG	17,436,699	3.80
8	MICHAEL LAW SIE HAUR	16,142,539	3.52
9	FANG SENG KHEONG	16,023,245	3.49
10	DBS NOMINEES (PRIVATE) LIMITED	12,112,100	2.64
11	LIM KIAN SENG	8,430,674	1.84
12	DBSN SERVICES PTE. LTD.	8,381,200	1.83
13	HSBC (SINGAPORE) NOMINEES PTE LTD	7,994,600	1.74
14	BARKEH HANIM BINTI JUMAAT	7,692,321	1.68
15	KOK HOWE SEN	7,359,156	1.61
16	LIM CHEOK PENG	7,000,000	1.53
17	TAN KAR TEK	7,000,000	1.53
18	CHAN MEI LAN CORDELIA	5,600,000	1.22
19	CHUA SENG YONG	5,065,690	1.10
20	MAYBANK KIM ENG SECURITIES PTE. LTD.	4,357,800	0.95
	TOTAL	**412,546,294**	**89.98**

STATISTICS OF SHAREHOLDINGS

as at 18 March 2015

PUBLIC FLOAT

Based on the information available to the Company as at 18 March 2015, approximately 56.30% of the issued ordinary shares of the Company are held by the public. Accordingly the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholders

		Direct Interest		Deemed Interest	
No.	Name of Substantial Shareholder	No. of Shares	%[1]	No. of Shares	%
1	Dr Lee Hung Ming	157,500,000	34.35	–	–
2	Dr Wong Jun Shyan	42,079,905	9.18	–	–
3	Oh Chin Beng	26,615,680	5.80	–	–

Note:

1. *Based on the total issued share capital of 458,500,000 ordinary shares of the Company as at 18 March 2015.*

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **ISEC HEALTHCARE LTD**. will be held at Alumni Association, The Alumni Medical Centre, 2 College Road, Singapore 169850 on Friday, 24 April 2015 at 11.30 a.m. to transact the following business:–

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements for the financial year ended 31 December 2014 together with the Independent Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final dividend of 0.11 Singapore cents (S$0.0011) per ordinary share tax exempt (one-tier) for the financial year ended 31 December 2014. **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Articles 114 and 118 of the Articles of Association of the Company, and who have, being eligible, offered themselves for re-election as Directors:

Dr Lee Hung Ming	(Retiring under Article 114)	**(Resolution 3)**
Mr Sitoh Yih Pin	(Retiring under Article 118)	**(Resolution 4)**
Professor Low Teck Seng	(Retiring under Article 118)	**(Resolution 5)**
Mr Lim Wee Hann	(Retiring under Article 118)	**(Resolution 6)**

The profiles of the above mentioned directors can be found under the sections entitled "Board of Directors" and the "Report on Corporate Governance" in the Annual Report 2014.
[See Explanatory Note (i)]

4. To approve the payment of Directors' fees of S$53,666.67 for the financial year ended 31 December 2014.
[See Explanatory Note (ii)] **(Resolution 7)**

5. To approve the payment of Directors' fees of S$210,000 for the financial year ending 31 December 2015, payable quarterly in arrears. **(Resolution 8)**
[See Explanatory Note (ii)]

6. To re-appoint BDO LLP as the Independent Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 9)**

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

AS SPECIAL BUSINESS

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

8. Authority to allot and issue shares

That pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore (the "Act") and Rule 806 of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist (the "Catalist Rules"), the Directors of the Company be authorised and empowered to:

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

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, 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 of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) to be issued other than on a pro rata basis to shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (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 (1) above, the total number of issued Shares (excluding treasury shares) in the capital of the Company shall be based on the total number of issued Shares (excluding treasury Shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

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

(b) new Shares arising from the exercising of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, provided the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

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

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), the Act and the Articles of Association, for the time being, of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier. **(Resolution 10)**

[See Explanatory Note (iii)]

NOTICE OF ANNUAL GENERAL MEETING

9. Authority to issue Shares under the ISEC Healthcare Share Option Scheme (the "Share Option Scheme")

That pursuant to Section 161 of the Act, the Directors of the Company be authorised to offer and grant options in accordance with the provisions of the Share Option Scheme and to allot and issue from time to time such number of Shares in the capital of the Company as may be required to be allotted and issued pursuant to the exercise of options under the Share Option Scheme, provided always that the aggregate number of new Shares to be allotted and issued pursuant to the Share Option Scheme, when added to the aggregate number of Shares issued and issuable in respect of all options granted under the Share Option Scheme and any other share option, share incentive, performance share or restricted share plan implemented by the Company, shall not exceed 15% of the total number of issued Shares (excluding treasury shares) in the capital of the Company on the day preceding the date of grant of the option, as determined in accordance with the provisions of the Share Option Scheme.
[See Explanatory Note (iv)] **(Resolution 11)**

By Order of the Board

Yoo Loo Ping
Company Secretary
Singapore,
9 April 2015

Explanatory Notes:

(i) Dr Lee Hung Ming, upon re-election as a Director of the Company, will remain as the Executive Vice Chairman.

Mr Sitoh Yih Pin, upon re-election as a Director of the Company, will remain as the Non Executive Chairman and Independent Director, Chairman of the Audit Committee, and a member of the Nominating and Remuneration Committees, and the Board of Directors (save for Mr Sitoh Yih Pin) considers him independent for the purposes of Rule 704(7) of the Catalist Rules.

Professor Low Teck Seng, upon re-election as a Director of the Company, will remain as an Independent Director, the Chairman of the Nominating Committee, and a member of the Audit and Remuneration Committees, and the Board of Directors (save for Professor Low Teck Seng) considers him independent for the purposes of Rule 704(7) of the Catalist Rules.

Mr Lim Wee Hann, upon re-election as a Director of the Company, will remain as an Independent Director, the Chairman of the Remuneration Committee, and a member of the Nominating and Audit Committees, and the Board of Directors (save for Mr Lim Wee Hann) considers him independent for the purposes of Rule 704(7) of the Catalist Rules.

(ii) Ordinary Resolution 7 should be read in conjunction with the proposed remuneration for Non-Executive Directors for the financial year ended 31 December 2014 as presented on Page 26 of the Report on Corporate Governance in the Annual Report 2014. Ordinary Resolution 8, if passed, will facilitate the payment of Directors' fees during the financial year ending 31 December 2015 in which the fees incurred are payable quarterly in arrears.

(iii) The Ordinary Resolution 10 in item 8 above, if passed, will empower the Directors of the Company, effective 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 or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of Shares that may be issued, the percentage of issued Shares (excluding treasury shares) will be calculated based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time Ordinary Resolution 10 is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when Ordinary Resolution 10 is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(iv) The Ordinary Resolution 11 in item 9 above, if passed, will empower the Directors to issue Shares up to an amount in aggregate not exceeding fifteen per centum (15%) of the issued share capital (excluding treasury shares) of the Company pursuant to the Share Option Scheme (which was approved at the Extraordinary General Meeting of the Company on 26 September 2014), and such other share-based incentive scheme or share plan, on the date preceding the date of the relevant grant. This authority is in addition to the general authority to issue Shares sought under Ordinary Resolution 10.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A Member entitled to attend and vote at the annual general meeting (the "Meeting") is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy needs not be a Member of the Company. Where a member appoints two (2) proxies, he/she shall specify the proportion of his/her shareholding to be represented by each proxy in the instrument appointing the proxies. If the Member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 101 Thomson Road, #09-04 United Square, Singapore 307591 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company:

(i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");

(ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; 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.

ISEC HEALTHCARE LTD.

(Company Registration No: 201400185H)
(Incorporated in Singapore)

PROXY FORM

*I/We ____
(Name) of ____
(Address) ____
being *a Member/Members of the abovenamed Company, hereby appoint

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

and/or (delete as appropriate)

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

or the Chairman of the meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the annual general meeting of the Company (the "Meeting"), to be held at Alumni Association, The Alumni Medical Centre, 2 College Road, Singapore 169850 on Friday, 24 April 2015 at 11.30 a.m. and at any adjournment thereof. *I/we direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specified direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/her/they will on any other matters arising at the Meeting.

(If you wish to exercise all your votes "For" or "Against", please indicate with a tick [✓] within the box provided. Alternatively, please indicate the number of votes as appropriate.)

No.	Resolutions relating to:	For	Against
1	Receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 31 December 2014.		
2	Declaration of a first and final dividend (one tier tax exempt) of 0.11 Singapore cents per ordinary share for the financial year ended 31 December 2014.		
3	Re-election of Dr Lee Hung Ming as a Director of the Company.		
4	Re-election of Mr Sitoh Yih Pin as a Director of the Company.		
5	Re-election of Professor Low Teck Seng as a Director of the Company.		
6	Re-election of Mr Lim Wee Hann as a Director of the Company.		
7	Approval of Directors' fees amounting to S$53,666.67 for the financial year ended 31 December 2014.		
8	Approval of Directors' fees amounting to S$210,000 for the financial year ending 31 December 2015, payable quarterly in arrears.		
9	Re-appointment of BDO as Independent Auditors of the Company.		
10	Authority to allot and issue new shares.		
11	Authority to allot and issue shares under the ISEC Healthcare Employee Share Option Scheme.		

Dated this ______________ day of ______________ 2015

Total Number of Shares Held	
CDP Register	
Register of Members	

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

**Delete accordingly*

IMPORTANT: PLEASE READ NOTES ON THE REVERSE

Notes:–

1. A member of the Company entitled to attend and vote at the annual general meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. Such proxy needs not be a member of the Company.

2. Where a member of the Company appoints two proxies, he/she shall specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each such proxy.

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

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

5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 101 Thomson Road, #09-04 United Square, Singapore 307591 not less than 48 hours before the time set for the annual general meeting.

6. A member should insert the total number of shares held by him/her. If the member has shares entered against his/her name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he/she should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he/she should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he/she should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for holding the annual general meeting as certified by The Central Depository (Pte) Limited to the Company.

8. A Depositor shall not be regarded as a member of the Company entitled to attend the annual general meeting and to speak and vote thereat unless his/her name appears on the Depository Register 48 hours before the time set for the annual general meeting.

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 9 April 2015.

AFFIX
STAMP

The Company Secretary
ISEC HEALTHCARE LTD.
101 Thomson Road,
#09-04 United Square,
Singapore 307591

Designed and produced by
TOPPAN
TOPPAN VITE PTE. LTD.
(65) 6578 6522

ISEC HEALTHCARE LTD.
(Company Registration No.: 201400185H)
(Incorporated in the Republic of Singapore on 2 January 2014)
101 Thomson Road
#09-04 United Square
Singapore 307591
www.isechealthcare.com