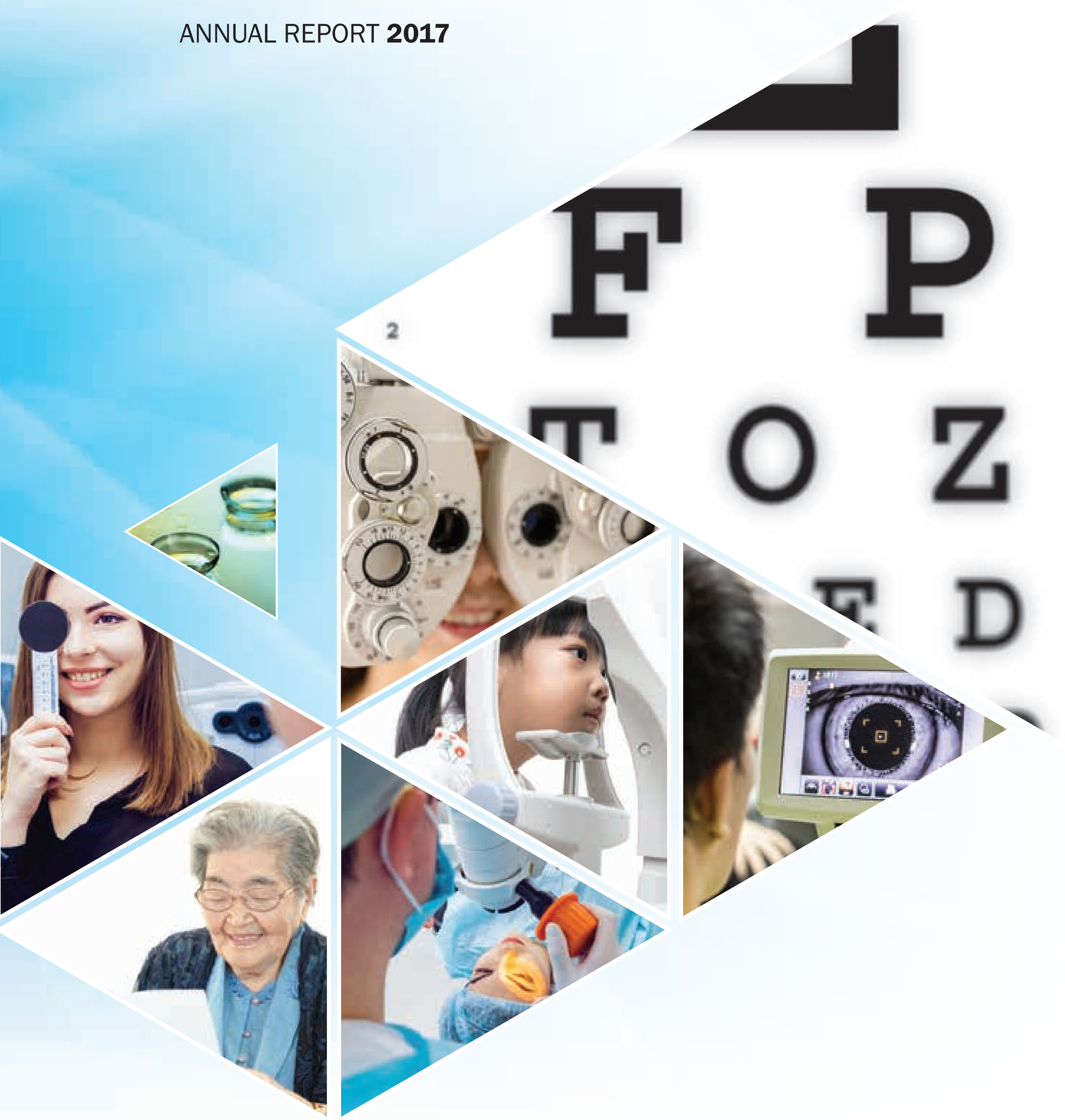
HEALTHCARE

PROVIDING 10 YEARS OF QUALITY CARE AND SERVICE

ANNUAL REPORT **2017**



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CORPORATE PROFILE

ISEC Healthcare Ltd. ("**ISEC Healthcare**" and together with its subsidiaries, the "**Group**") is an established regional provider of a comprehensive suite of medical eye care services with ambulatory surgical centres.

Backed by a solid 10-year track record, the ISEC brand possesses strong brand equity and is recognised for its world-class and high quality eye care services. In Malaysia, the Group operates medical eye care centres in Kuala Lumpur, Malacca, Penang and Sibu. In Singapore, ISEC Eye Pte. Ltd. ("**ISEC Eye**") provides specialist medical ophthalmology services to Lee Hung Ming Eye Centre located in Singapore's Gleneagles Hospital.

Led by a team of specialist doctors, who are also opinion leaders in their respective sub-specialty fields, the Group provides patients with attentive and advanced treatments at its well-equipped eye centres that are fitted with state-of-the-art ophthalmic equipment and facilities. Besides investing in the latest medical technologies, its doctors undergo continuous professional development and medical education to offer patients with the highest standards of ophthalmic care.

In 2016, the Group expanded its healthcare services to include general medical services and aesthetic treatment services, with the acquisition of JLM Companies[1] comprising four clinics located in the heartlands of Singapore.

ISEC Healthcare was listed on the Catalist board of the Singapore Exchange Securities Trading Limited on 28 October 2014.

1 JLM Companies consist of JL Medical (Bukit Batok) Pte. Ltd., JL Medical (Sembawang) Pte. Ltd., JL Medical (Woodlands) Pte Ltd. and JL Medical (Yew Tee) Pte. Ltd.

ISEC BY THE NUMBERS

For the financial year ended 31 December 2017

NO. OF EYE CARE CENTRES

MALAYSIA
4

SINGAPORE
1(1)

NO. OF OPHTHALMOLOGISTS

21

NO. OF ANESTHESIOLOGIST

1

NO. OF PATIENTS VISITS

SPECIALISED HEALTH SERVICES
111,000

GENERAL HEALTH SERVICES
76,000

NO. OF PROCEDURES PERFORMED

SPECIALISED HEALTH SERVICES
17,500

GENERAL HEALTH SERVICES
550

NO. OF PROCEDURES PERFORMED(2) UNDER

GENERAL ANAESTHESIA
600

MONITORED LOCAL ANAESTHESIA
80

SEDATION
440

CONFERENCES ATTENDED BY ISEC SPECIALIST DOCTORS/ GENERAL PRACTITIONERS

89

CONFERENCES WHERE ISEC SPECIALIST DOCTORS WERE INVITED AS SPEAKERS

62

TEACHING ACTIVITIES, CLINICAL ATTACHMENTS AND OBSERVERSHIPS IN ISEC

205

NO. OF GENERAL PRACTITIONER CLINICS IN SINGAPORE

4

NO. OF GENERAL PRACTITIONERS

4

(1) Lee Hung Ming Eye Centre in Gleneagles Hospital, Singapore
(2) Procedures performed in medical eye care centres in Malaysia

MESSAGE TO **SHAREHOLDERS**

DEAR SHAREHOLDERS

ISEC Healthcare celebrated its 10th anniversary in 2017 and this significant milestone was made all the more joyous because the 12 months ended 31 December 2017 ("**FY2017**") was one of the best years in terms of the Group's financial performance.

Revenue and profit after tax was S$37.0 million and S$7.9 million respectively in FY2017 mainly driven by revenue contribution from the Group's specialised eye services in Malaysia and Singapore, as well as the first full year revenue contribution from the four medical clinics in Singapore acquired in December 2016.

MILESTONES

Indeed, ISEC Healthcare has come a long way since its humble beginnings in 2007 when ISEC Sdn Bhd ("**ISEC KL**") was formed by seven specialist doctors, through the acquisition of the business of Retina Associates, an eye clinic owned by our Executive Director and Chief Executive Officer, Dr Wong Jun Shyan. In Singapore, our Executive Vice Chairman, Dr Lee Hung Ming, was already spearheading the Lee Hung Ming Eye Centre located at Gleneagles Hospital.

ISEC KL went on to be the first eye ambulatory surgical centre in Southeast Asia to receive Joint Commission International ("**JCI**") accreditation status on achieving international quality care in compliance with the JCI ambulatory care standards in 2009. We are proud to have maintained the high standards that are required to qualify for renewal of this prestigious status every three years since then.

2014 was a breakthrough year for our Group when we successfully listed ISEC Healthcare on the Singapore Exchange Securities Trading Limited's Catalist board with our shares making their trading debut in October 2014.

In seeking the Initial Public Offering ("**IPO**"), the growth strategies we had outlined included growing the ISEC brand and expanding into the Asia-Pacific region as well as building a regional network of referral centres. I believe that since IPO, we have made good progress in achieving the growth we desire and we mark our 10th anniversary as a larger Group than we were when we first started.

We now count as part of our Group, our wholly-owned Southern Specialist Eye Centre Sdn. Bhd. ("**SSEC**") in Malacca, Malaysia, which we acquired in December 2015 as well as the commencement of the operations of ISEC (Sibu) Sdn. Bhd ("**ISEC Sibu**") in March 2017, an ophthalmology centre, of which we own 55%.

In the process of expanding our ophthalmology practice, which we remain focused on, the Group made a bold move in December 2016 to diversify its healthcare services into general (western) medical services and aesthetic treatment services which we believed were complementary to the Group's existing business.

We acquired the JLM Companies[1] which paved the way for ISEC Healthcare to develop and offer general (western) medical services and aesthetic treatment services, which may in the future encompass oculoplastic and cosmetic eyelid services. It also opened the door for us to expand our ophthalmology services into heartland areas, which had in turn expanded our patient base and increased the visibility of the ISEC brand name in these locations.

All these developments were in line with the Group's growth strategy and had contributed to the Group's favourable results in FY2017.

1 JLM Companies consist of JL Medical (Bukit Batok) Pte. Ltd., JL Medical (Sembawang) Pte. Ltd., JL Medical (Woodlands) Pte Ltd. and JL Medical (Yew Tee) Pte. Ltd.

DIVIDEND

In view of the performance and also in celebration of our 10th anniversary, the Group would like to share the fruit of its success with all shareholders. The Board is pleased to propose a final dividend of 0.7 Singapore cents per ordinary share for FY2017, which together with the interim dividend of 0.5 Singapore cents per ordinary share which was declared for the three months ended 30 June 2017, brings the total dividend for FY2017 to 1.2 Singapore cents per ordinary share. This is 21.2% higher than the 0.99 Singapore cents per ordinary share paid for FY2016.

We hope that shareholders will continue to give their unwavering support to the Group in years to come.

OUTLOOK

The Group expects the healthcare industry in Singapore and the region to remain challenging and highly competitive but with encouraging prospects that have contributed to our optimism that demand will remain positive.

The Group continues to believe that the aging population will inevitably lead to a large elderly patient group suffering from cataract, glaucoma, age macular degeneration, dry eyes or vitreoretinal diseases as these eye disorders are age-related. Increasing awareness about eye diseases, rising income levels and the increase in private insurance coverage will also raise patients' propensity in seeking timely and private medical treatment.

ISEC Healthcare continues to be focused on regional expansion and the markets that remain of high interest to us include China, Indonesia, Myanmar and Vietnam, mainly because of their large populations. We will continue to pursue suitable opportunities to enter these markets through strategic alliances, joint ventures or acquisitions. At the same time, we are also keen to strengthen our existing presence in our core markets of Singapore and Malaysia.

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.

APPRECIATION

In closing, I would like to thank my fellow Directors on the Board, for their commitment towards best practices in corporate governance and for contributing their invaluable experience to guide the Group.

On behalf of the Group, I would like to express our appreciation to our patients, vendors, associates and business partners for your ongoing support, which has contributed to the growth of our business over the years.

I want to commend our specialist doctors, general practitioners, clinical staff and management team for your dedication to your work and to patient care, which has enabled ISEC Healthcare to build a strong reputation and to uphold the highest standards of healthcare over the years.

As Non-Executive Chairman and Independent Director of the Board, I would like to wish the management and staff of ISEC Healthcare many more decades of success and growth!

SITOH YIH PIN
Non-Executive Chairman and Independent Director

FINANCIAL REVIEW

INCOME STATEMENT

The Group capped off FY2017 with a 20% gain in revenue to S$37.0 million from S$30.8 million in FY2016. The growth was underpinned by higher patient visits from the Group's specialised eye care operations in Malaysia and Singapore, as well as first full year revenue contribution of S$4.0 million from JLM Companies, acquired in December 2016.

Correspondingly, gross profit rose 19% to S$17.5 million from S$14.7 million in FY2016, while gross profit margin remained stable at 47.3% compared to 47.9% in FY2016.

On the cost front, administrative expenses increased 11% to S$7.4 million, largely due to the inclusion of expenses incurred by JLM Companies and higher staff related costs across the Group. Depreciation expenses also edged up 11% to S$0.9 million in FY2017 due to additional depreciation charge incurred from fixed asset additions by Malaysian operations and the inclusion of depreciation charge incurred by JLM Companies.

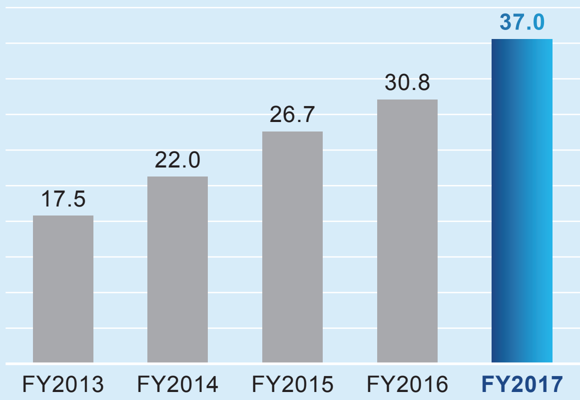
Overall, net profit for the year increased 22% to S$7.9 million from S$6.5 million in FY2016.

BALANCE SHEET

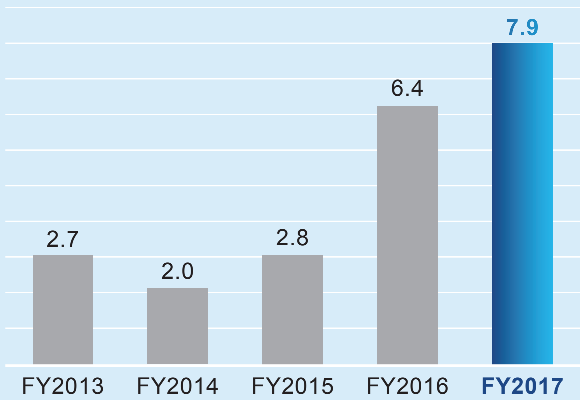
The Group continued to maintain a healthy balance sheet, with zero debt and cash and cash equivalents increasing to S$24.8 million as at 31 December 2017.

Overall, total assets expanded to S$71.6 million as at 31 December 2017 from S$67.2 million as at 31 December 2016. Non-current assets dipped by a marginal S$0.4 million to S$42.7 million, mainly attributable to a decrease in tangible assets due to amortisation expense on contractual relationship arising from the acquisition of ISEC Eye Pte. Ltd. and customer relationships arising from the acquisition of JLM Companies; and a S$0.1 million decline in plant and equipment due to depreciation expenses amounting to S$0.9 million, offset by plant and equipment addition of S$0.8 million.

REVENUE (S$'m)



PROFIT ATTRIBUTABLE TO SHAREHOLDERS (S$'m)



Notes:

(1) FY2013 figures only consist of financial results of ISEC Sdn. Bhd. and its subsidiaries in Malaysia.

(2) 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 subsequently closed in September 2015) and ISEC Eye Pte. Ltd. (the acquisition of which was completed on 26 September 2014) in Singapore.

Current assets rose by S$4.9 million to S$28.9 million following an increase in accrued revenue and cash and cash equivalents as a result of revenue growth.

The Group's total liabilities decreased to S$5.2 million as at 31 December 2017 from S$6.4 million as at 31 December 2016 on the back of a decline in current liabilities by S$1.1 million to S$4.3 million. This was primarily due to the dividend payment of S$0.9 million to the vendors of JLM Companies, which was declared before the completion of the acquisition.

As at 31 December 2017, the Group's equity attributable to owners of parent expanded 9% to S$66.1 million from S$60.8 million a year ago, following a 74% increase in retained earnings to S$11.2 million.

CASH FLOW STATEMENT

In FY2017, the Group generated higher net cash from operating activities of S$8.3 million compared to S$7.3 million in FY2016. This comprised operating cash flows before working capital changes of S$11.3 million, less income tax paid of S$2.0 million and changes in working capital outflow of S$1.0 million on the back of utilisation of advances for additional capital injection by non-controlling interests in the Company's 55%-owned indirect subsidiary, ISEC (Sibu) Sdn. Bhd., and an increase in trade and other receivables which was in tandem with increased revenue.

Net cash used in investing activities amounted to S$0.3 million mainly due to the purchase of fixed assets, largely by Malaysian operations, amounting to S$0.7 million, and partially offset by S$0.4 million of interest income received.

The net cash used in financing activities of S$3.7 million was largely due to dividends paid to shareholders of the Company and vendors of the JLM Companies.

BOARD OF DIRECTORS

MR SITOH YIH PIN, 54
NON-EXECUTIVE CHAIRMAN AND INDEPENDENT DIRECTOR

Mr Sitoh Yih Pin is our Non-Executive Chairman and Independent Director appointed to our Board on 29 September 2014, and was last re-elected on 24 April 2015. 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 a director of Nexia TS Public Accounting Corporation. Mr Sitoh is the Member of Parliament for Potong Pasir constituency.

Mr Sitoh is also a director of Talkmed Group Limited. He was also the director of several publicly listed companies in the preceding three years including Allied Technologies Limited, Lian Beng Group Ltd and United Food Holdings Limited.

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

DR LEE HUNG MING, 54
EXECUTIVE VICE CHAIRMAN

Dr Lee Hung Ming is our Executive Vice Chairman and was appointed on 2 January 2014 and was last re-elected on 26 April 2017. 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.

DR WONG JUN SHYAN, 52
EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

Dr Wong Jun Shyan is our Executive Director and Chief Executive Officer. He was appointed on 2 January 2014 and was last re-elected on 28 April 2016. 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 is an Honorary Part Time Lecturer for the Department of Optometry, Faculty of Allied Health Sciences in Universiti Kebangsaan Malaysia.

Dr Wong previously 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. He was awarded the APAO Outstanding Services in Prevention of Blindness Award for his contributions to the community by the Asia Pacific Academy of Ophthalmology in 2017.

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.

PROFESSOR LOW TECK SENG, 63
INDEPENDENT DIRECTOR

Professor Low Teck Seng is our Independent Director appointed to our Board on 29 September 2014, and was last re-elected on 26 April 2017. 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 Excelpoint Technology Ltd, a Singapore public listed company. Professor Low was also previously a director, in the preceding three years, on Singapore Post 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.

MR LIM WEE HANN, 51
INDEPENDENT DIRECTOR

Mr Lim Wee Hann is our Independent Director appointed to our Board on 29 September 2014, and was last re-elected on 28 April 2016. 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 27 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.

Mr Lim 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
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 a Committee member of the Malaysian Society of Ophthalmology (MSO), and is a Council member of the Asia-Pacific Academy of Ophthalmology. Dr Fang is also the Editorial Board member of the International Glaucoma Review, Asia-Pacific Journal of Ophthalmology, and Ocular Surgery News, Asia-Pacific Edition.

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
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
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.

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.

DR ROBERT YEO KIM CHUAN
MALACCA
CENTRE DIRECTOR

Dr Robert Yeo is the Medical Director and the founder of our Malacca Centre, Southern Specialist Eye Centre Sdn. Bhd. ("SSEC"). He was appointed as Malacca Centre Director of the Group on 25 January 2017. Dr Yeo started his ophthalmology practice in K.C. Yeo Eye Specialist Clinic Sdn. Bhd. in 2006, which was subsequently acquired under SSEC following an internal restructuring exercise in 2014. Dr Yeo plays a pivotal role in charting the course and direction of our Malacca Centre.

Before starting his own practice, Dr Yeo served in various medical and surgical capacities including ophthalmology postings at Melaka Hospital and University Hospital, Kuala Lumpur, as well as a brief stint with the Singapore National Eye Centre and two years in the United Kingdom.

In 1995, he returned to Malaysia to take up the post of Clinical Specialist in the Eye Department of Hospital Kuala Lumpur, and was assigned to Hospital Kuala Terengganu as Consultant and Head of the Eye Department. From 1996 to 2005, Dr Yeo served as Consultant Eye Surgeon with Southern Hospital Melaka and Mahkota Medical Centre.

Dr Yeo obtained his MBBS from the University of Malaya in 1987 and completed his FRCS Fellowship from the Royal College of Edinburgh, Scotland and Masters of Medicine, Singapore (Ophthalmology) in 1993.

MS MACY THONG
CHIEF FINANCIAL
OFFICER

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

Ms Thong started her career with KPMG Malaysia in external auditing. She subsequently assumed managerial roles in Corporate Finance/Corporate Affairs in two public listed companies on Kuala Lumpur Stock Exchange for 7 years and was responsible for their corporate finance, capital markets as well as treasury functions.

Prior to joining the Group, Ms Thong was with a privately-owned group for 5 years. During the tenure, she held the position as General Manager of OPTIMAX Eye Specialist Group and was responsible for the operations of 12 eye centres across the region. In addition, she headed the Finance, Procurement, Information Technology and Human Resource divisions during her tenure with Sena Diecasting Industries Sdn. Bhd.

Ms Thong is a Fellow member of the Association of Chartered Certified Accountants, United Kingdom and a member of the Institute of Singapore Chartered Accountants and the Malaysia Institute of Accountants.

CORPORATE SOCIAL **RESPONSIBILITY**

As responsible corporate citizen, ISEC Healthcare firmly believes in leveraging our expertise to give back to the community, environment and our patients. Many of our doctors volunteer at charity events to help those who may not afford to seek treatment for their eye-related ailments, or participate in conferences to educate the public about the importance of proper eye care.

The Board considers sustainability when formulating the Group's strategies and business practices and as a young listed company, ISEC Healthcare aspires to create a sustainable business model for the Group. In accordance with the Catalist Rules, the Company will issue its Sustainability Report by December 2018 and upload the full Sustainability Report on SGXNET and its website www.isechealthcare.com.

COMMITMENT TO COMMUNITY

During the year, our doctors actively participated in events that offer free eye care screening in conjunction with World Sight Day and World Glaucoma Week. We also extended complimentary eye screening to migrants from Myanmar and Nepal, as well as offer ad hoc pro bono consultations and surgeries to refugees from the United Nations High Commissioner for Refugees.

COMMITMENT TO ENVIRONMENT

Since the introduction of bag-free Saturdays where no bags are given for the dispensed medicines, which was first introduced at ISEC KL, we have extended this practice to all our clinics in Malaysia – Malacca, Penang and Sibu.

COMMITMENT TO PATIENTS

ISEC KL was the first eye centre in the Southeast Asia and Far East region to obtain the prestigious Joint Commission International accreditation in 2009, which was renewed in 2012 and in 2015.

ISEC Healthcare is committed to uphold the highest standards of eye care practices. Our doctors regularly attend conferences and seminars, either as speakers to share their expertise or as attendees to keep abreast of latest healthcare technologies and trends, as well as courses to upgrade their skills.

In conjunction with ISEC Healthcare's 10th Anniversary, together with our supplier Alcon, we organised 'A Day in Medical Retina' in May 2017 at the Aloft Hotel Kuala Lumpur. It was a Retina training day to fellow Ophthalmology undergraduates and doctors.

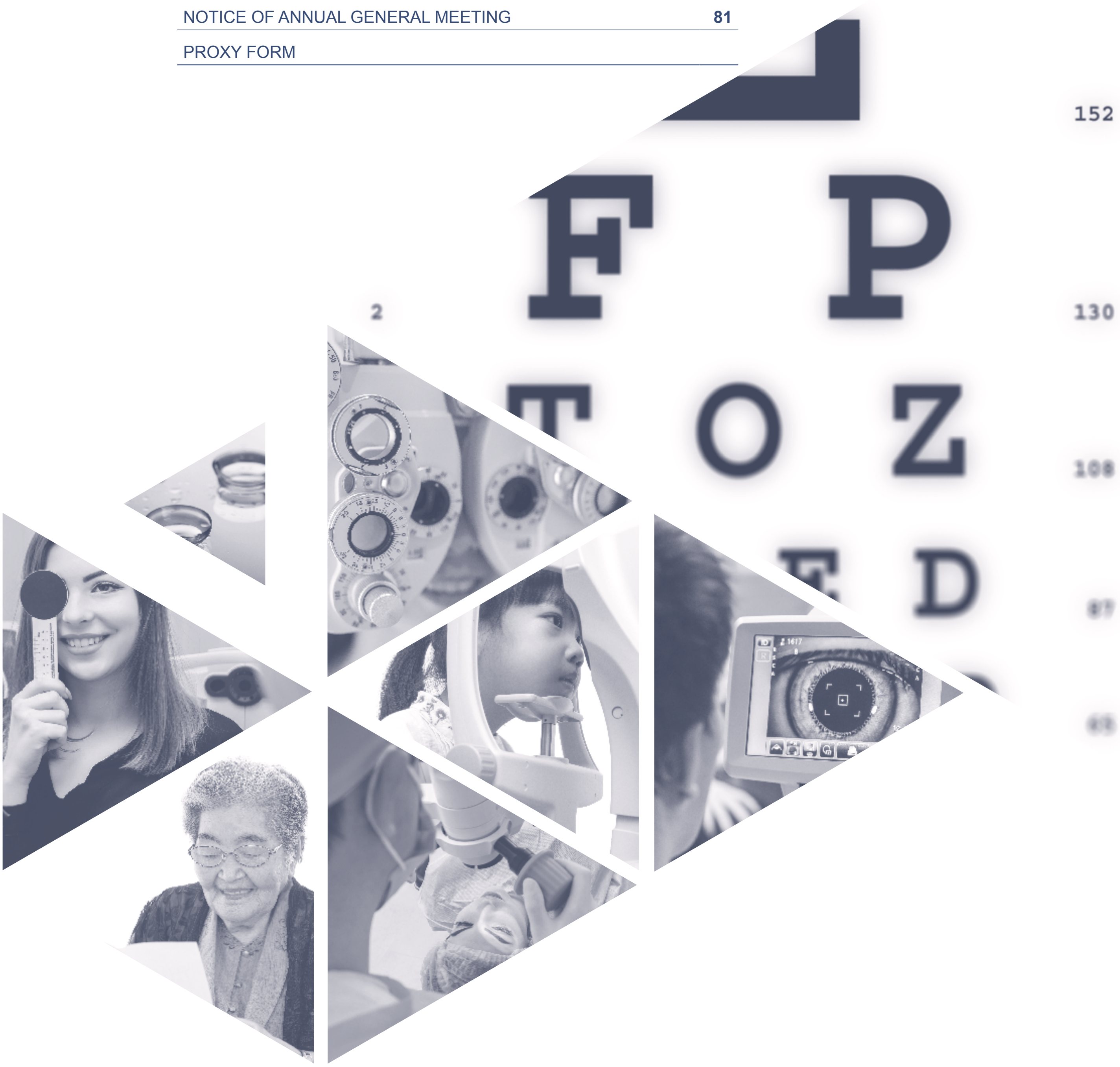
ISEC Healthcare also has an internal Medical Board to implement and govern the compliance of the code of ethics of specialist doctors within the Group, oversee patients' interests, administer internal disciplinary matters, manage research and training of medical staff, as well as monitor medical outcome and audit programmes.

In 2017, ISEC Malaysia was awarded the Global Health and Travel Awards for the category in 'Ophthalmology Service Provider of the Year', which recognises companies who have pushed boundaries of delighting their customers at every stage and in every interaction.

COMMITMENT TO EMPLOYEES

As a healthcare service provider, it is paramount that our paramedical staff are equipped with the right skills and kept up-to-date on the latest healthcare practices, when attending to patients. We have a disciplined internal training programme termed 'Staff Continuous Medical Education' conducted by our doctors. We also send our staff for regular courses to upgrade their skill sets. Some of the external courses attended by our staff in FY2017 include the 8th MSO Annual Scientific Meeting, Alcon Symposium 'Advancement & Updates in Cataract Technologies" and Ocular Surface Disorder by Allergan.

FINANCIAL CONTENTS



REPORT ON **CORPORATE GOVERNANCE**

The Board of Directors (the "**Board**") and the management (the "**Management**") of ISEC Healthcare Ltd. (the "**Company**", and 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 2017 ("**FY2017**"), 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 FY2017, 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:

- Overseeing 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
- Overseeing and safeguarding 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. While the Board does not have a formal Board Charter, the Board has also adopted a risk governance and internal controls framework manual which sets out the Board's approval guidelines. Matters that require the Board's approval include, amongst others, the following:

- Board authorisation limits;
- Interested persons transactions exceeding S$100,000;
- Bank mandates and facilities;
- Appointment and re-election of Directors at any time;
- Salaries and benefits/allowances of the members of the Board and key management personnel;
- Share options 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;
- Audited financial statements if deemed satisfactory and are true and fair after review; and
- Composition of the Medical Board.

REPORT ON CORPORATE GOVERNANCE

The Board conducts scheduled meetings on a quarterly basis. Additional meetings are convened as and when circumstances warrant. The Constitution of the Company (the "**Constitution**") allows 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.

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. The CEO updates the Board at each meeting on business and strategic developments of the Group, where applicable.

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 FY2017 is disclosed below:

	Board	**AC**	**NC**	**RC**
Number of meetings held in FY2017	4	4	1	1
Name of Director	**Number of meetings attended in FY2017**			
Sitoh Yih Pin	4	4	1	1
Dr Lee Hung Ming	4	–	–	–
Dr Wong Jun Shyan	4	–	–	–
Professor Low Teck Seng	4	4	1	1
Lim Wee Hann	4	4	1	1

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 be provided with an opportunity to conduct a site visit at the Group's medical centres. Upon appointment, the Director will receive a letter of appointment setting out his/her duties and responsibilities. The Company will arrange and fund the relevant training for any newly appointed directors who do not possess any prior experience as a director of a listed company. There were no new directors appointed in FY2017.

The Board values on-going professional development and recognises that it is important that all Directors receive regular training so as to be able to serve effectively on and contribute to the Board. While there is currently no formal continuous professional development policy in place, Management monitors the availability of on-going relevant courses and seminars and keeps the Directors apprised accordingly and will make the arrangements for Directors who are keen to attend any such courses or seminars.

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.

The Board is regularly briefed on recent updates and changes in relation to accounting standards, amendments to the Companies Act and Catalist Rules, and other applicable regulatory updates or amendments to relevant laws, rules and regulations from time to time.

REPORT ON **CORPORATE GOVERNANCE**

For 2017 briefings, updates and trainings for the Directors include:

- briefing by the external auditors ("**EA**") on changes or amendments to accounting standards at the AC meetings; and
- updates by the Company Secretary on amendments to the Companies Act and Catalist Rules, from time to time.

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	24 April 2015	Chairman	Member	Member
Dr Lee Hung Ming	Executive Vice Chairman	2 January 2014	26 April 2017	–	–	–
Dr Wong Jun Shyan(2)	Executive Director and Chief Executive Officer	2 January 2014	28 April 2016	–	–	–
Professor Low Teck Seng	Independent Director	29 September 2014	26 April 2017	Member	Chairman	Member
Lim Wee Hann	Independent Director	29 September 2014	28 April 2016	Member	Member	Chairman

Notes:

(1) Mr Sitoh Yih Pin will retire pursuant to Article 114 of the Constitution of the Company and is subject to re-election as a director at the forthcoming AGM of the Company to be held on 25 April 2018.

(2) Dr Wong Jun Shyan will retire pursuant to Article 114 of the Constitution of the Company and is subject to re-election as a director at the forthcoming AGM of the Company to be held on 25 April 2018

Details of the Directors' qualifications and experiences are set out on pages 6 and 7 of this Annual Report.

In accordance with the Companies' Act requirements, Directors are required to and will declare any personal interest in transactions or contracts involving the Group; and other directorships or shareholdings in other companies. In addition, Directors are also required to declare any corporate developments relating to their external appointments which may affect their independence. This ensures that Directors continually meet the stringent requirements of independence under the Code.

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. 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.

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The Board takes into account the existence of relationships or circumstances, including those identified by the Code, that are relevant in its determination as to whether a Director is independent. In addition, the NC reviews the individual directors' declaration in its assessment of independence.

There is no Independent Director who has served beyond nine years since the date of his first appointment.

For FY2017, 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 FY2017, the Independent Directors have met in February 2017 without the presence of Management together with the internal and external auditors.

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 has taken 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 has considered the results of these exercises in its recommendation for the appointment of new Directors and/or the re-appointment of incumbent Directors.

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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.

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 review 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 representations and other principal commitments.

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

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

The NC has implemented 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.

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At each AGM of the Company, the Constitution 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) to 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.

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

Name of Director	Designation	Retiring Pursuant to Constitution's Article No.
Sitoh Yih Pin	Non-Executive Chairman and Independent Director	114
Dr Wong Jun Shyan	Executive Director and Chief Executive Officer	114

Pursuant to Article 114 of the Constitution, Mr Sitoh Yih Pin will retire at the forthcoming AGM. The NC, with Mr Sitoh Yih Pin having abstained from the deliberations, had reviewed and recommended Mr Sitoh Yih Pin for re-election at the forthcoming AGM.

Upon re-election as Director, Mr Sitoh Yih Pin will remain as an Independent Director, the AC Chairman and a member of the NC and RC. Mr Sitoh Yih Pin will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

The NC had reviewed and recommended that Dr Wong Jun Shyan who will retire via rotation pursuant to the Article 114 of the Constitution, being eligible and having consented, be nominated for re-election as Director at the forthcoming AGM, and subject to being duly re-elected, Dr Wong Jun Shyan will remain as the Executive Director and Chief Executive Officer.

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 by the Board.

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 Executive Directors do not have listed company directorship experience apart from their current directorship in the Company.

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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 FY2017 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 FY2017, the Board did not set any cap on the number of listed company directorships given that all Independent Non-Executive 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.

The Company currently has no alternate director. Alternate directors will be appointed as and when the Board deems necessary. Circumstances which warrant such appointments may include health, age-related concerns as well as Management succession plans. The proposed appointment of alternate directors, if any, shall be subject to rigorous review and recommendation of the NC on a case-by-case basis, before it is recommended to the Board for approval.

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

(a) Pages 6 and 7 – Academic and professional qualifications, date of first appointment 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 the appointment is executive or non-executive, or considered by the NC to be independent; and

(b) Pages 31 and 32 – 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 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 FY2017, one NC meeting was held in February 2017.

The NC has in place an annual performance evaluation process for assessing the effectiveness of the Board as a whole and its Board Committees and for assessing the contribution by the Chairman and each individual Director to the effectiveness of the Board. The Company Secretary will collate the Board's and Directors' 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.

The NC had at a meeting held in February 2018 assessed the performance of the Board, the Board Committees and individual Directors (including the Chairman). The assessment of the Board and the Board Committees is done via a confidential questionnaire, covering areas such as Board composition, Board processes managing the Group's performance and the effectiveness of the Board in its monitoring role and the effectiveness of the respective Board Committees. The assessment of the individual Directors is done through peer assessments through a confidential questionnaire completed by each Director. The assessment parameters include attendance and contributions during Board and Board Committee meetings as well as commitment to their role as Directors.

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The NC, in consultation with the Chairman of the Board, would review the criteria on a periodic basis to ensure that the criteria are able to provide an accurate and effective performance assessment taking into consideration industry standards and the economic climate with the objective to enhance long term shareholders value, thereafter propose amendments, if any, to the Board for approval.

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 Board and the Board Committees have operated effectively and each Director (including the Chairman) has contributed to the overall effectiveness of the Board in FY2017. No external facilitator was used in the evaluation process.

Principle 6 – Access to Information

Management including the Executive Directors keeps the Board apprised 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.

As soon as practicable and before each meeting, Management would provide the Board members with sufficient relevant information 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. 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.

Management will also on best endeavours, encrypt documents which bear material price sensitive information when circulating documents electronically.

The Directors also have access to the Company Secretary who attends all Board and Board 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 made available to 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;

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

REPORT ON **CORPORATE GOVERNANCE**

(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 own 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$170,000 to be paid on a quarterly basis in arrears for the financial year ending 31 December 2018 once approval is obtained from shareholders at the forthcoming AGM.

The remuneration packages take into consideration 1) the performance of the Group and individual assessment of each Non-Executive Director, and 2) 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 pages 140 and 141 for the details of the service agreements.

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

During FY2017, 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, after taking into consideration the referencing of Directors' and Key Management Personnel's remuneration against comparable benchmarks and giving due regard to prevailing market conditions as well as the financial, commercial health and business needs of the Group. For FY2017, the Company did not engage any external remuneration consultant to assist in the review of compensation and remuneration packages as there is no significant change in the size and scope of the Group's core business. Notwithstanding, the Company shall consider the engagement of external remuneration consultants should the Group's business or operations expand to the extent where expert advice from such external remuneration consultants is deemed more beneficial than its cost.

There are no termination, retirement and post-employment benefits that may be granted to the Directors, the CEO and top 5 Key Management Personnel.

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Principle 9 – Disclosure on Remuneration

The breakdown (in percentage terms) of the remuneration of Directors of the Company for FY2017 is set out below:

Remuneration and Name of Director	Salary and allowance[(1)] (%)	Fixed Bonus[(1)] (%)	Variable Bonus[(1)] (%)	Director's Fees[(2)] (%)	Total (%)
From S$0 to S$250,000					
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$750,001 to S$1,000,000					
Dr Lee Hung Ming	69	31	0	0	100
From S$1,000,001 to S$1,250,000					
Dr Wong Jun Shyan	100	0	0	0	100

The breakdown (in percentage terms) of the remuneration of the 5 top Key Management Personnel of the Group for FY2017 is set out below:

Remuneration and Name of Key Management Personnel	Designation	Salary and allowance[(1)] (%)	Variable Bonus[(1)] (%)	Consultancy Fees (%)	Director's Fees[(3)] (%)	Total (%)
From S$0 to S$250,000						
Macy Thong	Chief Financial Officer	86	14	0	0	100
From S$500,001 to S$750,000						
Dr Fang Seng Kheong	Medical Board Chairman	87	13	0	0	100
Dr Robert Yeo Kim Chuan	Malacca Centre Director	56	40	4	0	100
Dr Alan Ang Jin Soon	Penang Centre Director	54	46	0	0	100
From S$750,001 to S$1,000,000						
Dr Choong Yee Fong	Kuala Lumpur Centre Director	88	11	0	1	100

Notes:

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

2. *The Director's fees are subject to shareholders' approval at the forthcoming Annual General Meeting.*

3. *Dr Choong Yee Fong ("**Dr Choong**") is a director of the Company's subsidiary, ISEC Sdn. Bhd. ("**ISEC KL**"). There are director's fees payable to Dr Choong from ISEC KL for FY2017.*

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Given the highly competitive conditions due to the niche industry in which the Group operates in, and the sensitive and confidential nature of such information of each Director and Key Management Personnel, the Company believes that the full disclosure of the 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$3,009,000 in FY2017.

Dr Lee Yeng Fen, who is the spouse of Dr Lee Hung Ming, the Group's Executive Vice Chairman, received a remuneration of between S$250,001 to S$300,000 in FY2017. Save for Dr Lee Yeng Fen, there is no family relationship between any of our Directors, CEO and/or Key Management Personnel, and there is no employee who is an immediate family member of a Director and/or CEO whose remuneration exceeded S$50,000 during FY2017.

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 FY2017. 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. The RC has reviewed and is satisfied that the Executive Directors and Key Management Personnel have met their performance conditions in FY2017.

SHARE OPTION 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 "**Participants**") 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.

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 the PSP (as defined herein) and any other share 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 including in FY2017.

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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, on which transactions in the shares were recorded, 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.

PERFORMANCE SHARE PLAN

On 28 April 2016, the shareholders adopted the "ISEC Healthcare Performance Share Plan" (the "**PSP**"). The PSP has been assigned by the Board of Directors to be administered by the RC, or such other committee comprising Directors duly authorised, appointed and nominated by the Board to administer the PSP. At the date of this annual report, the RC comprises Mr Lim Wee Hann, Mr Sitoh Yih Pin and Professor Low Teck Seng.

The adoption of the PSP in 2016 was in line with the Company's continuing efforts to increase the Company's flexibility and effectiveness in rewarding, retaining and motivating the Group's employees (including Executive Directors of the Company, its subsidiaries and/or associated companies) as well as Non-Executive Directors whose contributions are essential to the Company's long-term growth and prosperity.

The PSP allows for participation by the Group's employees (including executive directors of the Company, its subsidiaries and/or associated companies) as well as Non-Executive Directors, subject to the absolute discretion of the RC, provided that such persons have attained the age of 21 years on or before the relevant date of grant of the award and are not undischarged bankrupts or have not entered into any composition with their creditors. Eligible participants (the "**Participants**") under the PSP will have the opportunity to participate in the equity of the Company, thereby aligning their interests with the interests of the Company and shareholders, motivating them towards long-term growth and profitability of the Group and better performance through increased dedication and incentives.

The PSP gives the Company greater flexibility to align the interest of its key directors and executives with those of shareholders. The PSP would also incentivise Participants to excel in their performance and encourage greater dedication and loyalty to the Company by introducing a variable component in their remuneration package. The PSP contemplates the award of fully-paid shares after certain pre-determined performance targets have been met (the "**Awards**"). The Company believes that the PSP will be more effective than pure cash bonuses in motivating employees to work towards determined goals.

Under the PSP, the size of the Award granted to a Participant will be determined based on, amongst others, his

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rank, past performance, length of service, potential for future development and his contribution to the success and development of the Group as determined by the RC prior to the date of grant. The performance period is a period prescribed by the RC during which the performance conditions and targets shall be satisfied. Awards may only be vested, and consequently any shares comprised in such Award shall only be delivered, upon the RC being satisfied, at its absolute discretion, that the Participant has achieved the performance target(s), service conditions and/or such other conditions such as vesting period(s) or vesting schedules applicable for the release of the Award and/or all or any of the Shares or cash equivalent or both to which that Award relates, and/or upon the RC being satisfied that due recognition should be given for good work performance and/or significant contribution to the Company.

The RC shall decide, amongst others, the Participant, date of grant of the Award, the number of shares which are the subject of an Award, the performance target(s), the performance period and vesting period in relation to each Award.

The Company had also obtained the specific approval of shareholders for the participation of Dr Lee Hung Ming, the Executive Vice Chairman and controlling shareholder of the Company, in the PSP. The aggregate number of shares which may be delivered to Participants who are controlling shareholders and their respective associates under the PSP shall not exceed 25% of the aggregate number of new shares issued and/or issuable under the PSP, the Share Option Scheme and any other share scheme which the Company may implement from time to time, with the number of aggregate number of shares which may be issued pursuant to Awards granted to each controlling shareholder or his respective associate not exceeding 10% of the aggregate number of new shares issued and/or issuable under the PSP, the Share Option Scheme and any other share scheme which the Company may implement from time to time.

The aggregate number of shares which may be issued pursuant to Awards granted under the PSP, when added to the number of new shares issued and issuable in respect of all Awards granted under the PSP, the Share Option Scheme and any other share scheme which the Company may implement from time to time, shall not exceed 15% of the total number of issued shares (excluding treasury shares) of the Company on the day preceding the date of grant of the Award.

Further details on the Company’s PSP are set out in the Company’s circular to shareholders dated 13 April 2016.

No share award has been granted to any Participant under the PSP since its adoption.

Pursuant to Rule 851 of the Catalist Rules, in FY2017, there were no Awards granted to (i) the Directors; (ii) the controlling shareholder of the Company or his associates; and (iii) Participants (other than those in (i) and (ii), who receive Awards comprising shares representing 5% or more of the total number of new shares available under the PSP).

(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.

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 to the public. The Company also uploads the latest announcement(s) which has been disseminated via SGXNet on its website www.isechealthcare.com.

REPORT ON CORPORATE GOVERNANCE

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 May 2017 which sets out 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 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 FY2017, 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 internal auditors 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.

REPORT ON **CORPORATE GOVERNANCE**

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 external auditor's audit plan ("**Audit Plan**") and the auditor's report ("**Audit Report**") on the annual financial statements of the Group and the Company before submission to the Board. Review the cost effectiveness, independence and objectivity of the external auditors;

(d) reviewing the quarterly results announcement of the Group and the Company;

(e) 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;

(f) 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;

(g) 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;

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

(i) 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;

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

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

(l) 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

(m) 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 members of the AC are:

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

All members of the AC are independent and non-executive Directors who do not have any management and business relationships with the Company or any substantial shareholder of the Company. None of the AC members were previous partners or directors of the Company's external audit firm within the last twelve months and none of the AC members hold any financial interest in the external audit firm.

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 external auditors were also, as and when required, invited to be present at AC meetings held during FY2017 to, *inter-alia*, answer or clarify any matter on accounting, audit or internal controls.

The aggregate amount of expense paid or payable to Ernst & Young LLP ("**EY**") for FY2017 is as disclosed in Note 19 to the financial statements.

The AC has reviewed the non-audit services which amounted to 52% of total audit fees. 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, taking into account the nature of the non-audit services. In arriving at its opinion, the AC also took into consideration that notwithstanding the non-audit fees as a percentage of audit fees was 52%, EY has represented to the AC that it has in place independence safeguards as required by the Singapore Accountants (Public Accountants) Rules and EY had accordingly confirmed it had met the criteria for independence.

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

The AC has recommended to the Board the re-appointment of EY as external auditors of the Company at the forthcoming AGM of the Company to be held on 25 April 2018.

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.

REPORT ON **CORPORATE GOVERNANCE**

For FY2017, 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, a director of Nexia TS Public Accounting Corporation, an accounting firm in Singapore. In FY2017, 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.

For FY2017, the Group had outsourced its internal audit function to Crowe Horwath Governance Sdn Bhd (the "**IA**" or "**Crowe Horwath**") 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 IA will report their audit findings, any material non-compliance or failures in internal control and recommendations for improvements directly to the AC.

The AC has reviewed the report submitted by IA on internal procedures and the internal controls in place and is satisfied that there are adequate and effective internal controls in the Group. The AC will review on an annual basis the adequacy and effectiveness of the internal audit function.

The AC is satisfied that the IA is able to discharge its duties effectively as it:

- is adequately qualified, given that Crowe Horwath is a corporate member of the Malaysian Institute of Internal Auditors and the internal audit work carried out by Crowe Horwath is guided by The Institute of Internal Auditors Inc. International Professional Practice Framework;

- is adequately resourced as there is a team of 4 members assigned to the Company's internal audit, led by Amos Law, a Certified Internal Auditor who has 20 relevant years of audit experience in diverse areas across healthcare/technology/financial, manufacturing & trading, construction and food & beverages; and

- has the appropriate standing in the Company, given, *inter-alia*, its involvement in certain AC meetings and its unfettered access to all the Group's documents, records, properties and personnel, including direct access to the AC.

The AC approves the appointment, removal, evaluation and compensation of IA.

(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;

REPORT ON CORPORATE GOVERNANCE

– presentation slides accompanying quarterly results announcement; and

– SGXNet and press releases on major developments of the Group.

SGXNet disclosures, presentation slides and press releases of the Group are also available on the Company's website at www.isechealthcare.com. A copy of the annual report for FY2017 will also be made available on the Company's website and published via SGXNet. As the Company does not have a formal investor relations policy, part of the Company's efforts to communicate continuously with its shareholders include the conduct and participation in more than 10 investor and analyst meeting sessions, attended by investors in FY2017.

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.

A polling agent together with independent scrutineers are appointed by the Company for all general meetings of shareholders who will explain the rules, including the voting procedures that govern the general meeting.

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 within one month after the general meeting.

The Company's Constitution does 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 Constitution of the Company does allow a shareholder (who is not a relevant intermediary, as defined in Section 181(6) of the Companies Act) 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. Pursuant to the Companies (Amendment) Act 2014, a shareholder of the Company who is a relevant intermediary (as defined in Section 181(6) of the Companies Act), may appoint more than two proxies to attend, speak and vote at the AGM.

Pursuant to Catalist Rule 730A(2), all resolutions will be put to vote by way of a poll at the forthcoming AGM, and their detailed results will be announced via SGXNet after the conclusion of the general meeting.

The Board has proposed a final tax-exempt (one-tier) dividend of S$0.007 per ordinary share for FY2017 which will be subject to shareholders' approval at the forthcoming AGM. The Company had declared and paid a first interim tax-exempt (one-tier) dividend of S$0.005 per ordinary share for the 3 months ended 30 June 2017.

(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 Securities and Futures Act (Chapter 289) of Singapore. 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.

REPORT ON CORPORATE GOVERNANCE

(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 FY2017. The Company does not have any IPT general 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$'000	Amount allocated pursuant to reallocation of unutilised listing expenses S$'000	Amount utilised S$'000	Balance S$'000
Business expansion in the Asia Pacific region (including Malaysia and Singapore)	13,800	300	(12,565)[1]	1,535
General working capital	2,500	–	(2,500)[2]	–
Total	16,300	300	(15,065)	1,535

(1) Utilised for:

	Acquisition of Southern Specialist Eye Centre Sdn. Bhd. S$'000	Acquisition of the JLM Companies S$'000	Total S$'000
Cash consideration	5,204	6,971	12,175
Administrative expenses	122	268	390
Total	5,326	7,239	12,565

(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 pages 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 FY2017 or if not then subsisting, entered into since the end of the previous financial year.

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

For FY2017, non-sponsor fees of S$9,000 was paid to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd.

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of ISEC Healthcare Ltd. (the "Company") and its subsidiaries (the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2017.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year then 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.

2. DIRECTORS

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

Sitoh Yih Pin
Dr Lee Hung Ming
Dr Wong Jun Shyan
Professor Low Teck Seng
Lim Wee Hann

3. 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 objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of directors	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Ordinary shares				
The Company				
Sitoh Yih Pin	400,000	400,000	–	–
Professor Low Teck Seng	400,000	400,000	–	–
Dr Lee Hung Ming	83,609,200	83,609,200	104,283,058	104,283,058
Dr Wong Jun Shyan	27,710,705	27,952,705	15,000,000	15,000,000

DIRECTORS' **STATEMENT**

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONT'D)

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2018 other than the following director disclosed below:

	Direct interest		Deemed interest	
Name of director	**At the end of financial year**	**21 days from the end of financial year**	**At the end of financial year**	**21 days from the end of financial year**
Ordinary shares				
The Company				
Dr Wong Jun Shyan	27,952,705	28,024,605	15,000,000	15,000,000

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

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

5. SHARE OPTIONS AND PERFORMANCE SHARES

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

There were no unissued shares of the Company or of its subsidiaries under options or share rewards as at the end of the financial year and no shares were issued during the financial year by virtue of the exercise of options or the vesting of share awards to take up unissued shares of the Company or its subsidiaries.

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.

Since the commencement of the SOS and for FY2017, no share options were granted by the Company.

Performance Share Plan ("PSP")

The Company has also implemented a performance share plan known as ISEC Healthcare Performance Share Plan. The ISEC Healthcare Performance Share Plan was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 28 April 2016.

No share has been awarded under the PSP since the PSP was adopted and for FY2017.

6. AUDIT COMMITTEE

The Audit Committee performed the functions specified in the Singapore Companies Act, Chapter 50. The functions performed are detailed in the Corporate Governance Report.

DIRECTORS' STATEMENT

7. AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:

Dr Lee Hung Ming
Director

Dr Wong Jun Shyan
Director

Singapore
29 March 2018

INDEPENDENT AUDITOR'S **REPORT**

TO THE MEMBERS OF ISEC HEALTHCARE LTD.
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of ISEC Healthcare Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2017, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of the most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Impairment assessment of goodwill and cost of investment in subsidiaries

As at 31 December 2017, the Group recorded goodwill of $34.9 million, which is allocated to the following cash generating units ("CGU"): ISEC Eye Pte. Ltd. ("ISEC Eye"), Southern Specialist Eye Centre Sdn. Bhd. ("SSEC") and JLM Companies.

The Company has cost of investment in subsidiaries amounting to $48.4 million as at 31 December 2017.

As part of the requirement under FRS36 to assess goodwill impairment annually, management has prepared a discounted cash flow model to determine the recoverable value of each CGU. For cost of investment in subsidiaries, management has assessed whether indicators of impairment, such as a decline in cash flows or operating profits flowing from the assets, are present. Any shortfall of the recoverable value against the carrying amounts of these assets will be recognised as impairment losses.

INDEPENDENT AUDITOR'S **REPORT**

TO THE MEMBERS OF ISEC HEALTHCARE LTD.
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (cont'd)

Impairment assessment of goodwill and cost of investment in subsidiaries (cont'd)

The recoverable value is determined based on a number of significant operational and predictive assumptions such as forecasted revenue, terminal growth rate, profit margin and discount rate. Given that these estimates require significant judgement and estimates, we considered the impairment assessment of goodwill and cost of investment in subsidiaries to be key audit matters.

Our audit procedures included, amongst others, assessing the appropriateness of management's assumptions applied in the value-in-use models based on our knowledge of the CGUs' operations, performance and industry benchmarks. This included obtaining an understanding of management's planned strategies on revenue growth and cost initiatives. We have engaged our internal valuation specialists to assist us in reviewing the discount rates and terminal growth rates used and also considered the robustness of management's budgeting. In addition, we reviewed management's analysis of the sensitivity of the recoverable amount to changes in the respective assumptions. We have also assessed the adequacy and appropriateness of the disclosures in Notes 5 and 6 to the financial statements.

Other Information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Directors for the 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 Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The directors' responsibilities include overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S **REPORT**

TO THE MEMBERS OF ISEC HEALTHCARE LTD.
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ISEC HEALTHCARE LTD.
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Tan Peck Yen.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
29 March 2018

STATEMENTS OF **FINANCIAL POSITION**
AS AT 31 DECEMBER 2017

	Note	Group		Company	
		2017 $'000	2016 $'000	2017 $'000	2016 $'000
ASSETS					
Non-current assets					
Plant and equipment	4	3,894	3,967	86	117
Intangible assets	5	38,766	39,111	3	6
Investment in subsidiaries	6	–	–	48,386	48,386
Deferred tax assets	7	11	30	–	–
		42,671	43,108	48,475	48,509
Current assets					
Inventories	8	1,177	1,218	–	–
Trade and other receivables	9	2,505	2,171	4,171	4,718
Prepayments		202	176	16	14
Current tax assets		223	103	–	–
Cash and cash equivalents	10	24,824	20,376	11,048	8,266
		28,931	24,044	15,235	12,998
Total assets		71,602	67,152	63,710	61,507
EQUITY AND LIABILITIES					
Equity					
Share capital	11	59,673	59,673	59,673	59,673
Other reserves	12	(4,774)	(5,307)	–	–
Retained earnings		11,177	6,424	3,763	1,501
Equity attributable to owners of the Company		66,076	60,790	63,436	61,174
Non-controlling interests		309	(31)	–	–
Total equity		66,385	60,759	63,436	61,174
Liabilities					
Non-current liabilities					
Provisions	13	208	198	20	19
Deferred tax liabilities	7	684	761	–	–
		892	959	20	19
Current liabilities					
Trade and other payables	14	3,475	4,919	234	313
Current income tax payable		850	515	20	1
		4,325	5,434	254	314
Total liabilities		5,217	6,393	274	333
Total equity and liabilities		71,602	67,152	63,710	61,507

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

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017 $'000	2016 $'000
Revenue		36,976	30,780
Cost of sales		(19,486)	(16,047)
Gross profit		17,490	14,733
Other item of income			
Other income	15	597	550
Other items of expense			
Selling and distribution expenses	16	(53)	(92)
Administrative expenses		(7,387)	(6,665)
Other expenses	17	(561)	(538)
Finance costs	18	(7)	(4)
Profit before income tax	19	10,079	7,984
Income tax expense	20	(2,194)	(1,497)
Profit for the year		7,885	6,487
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation of subsidiaries		512	(483)
Other comprehensive income for the year, net of tax		512	(483)
Total comprehensive income for the year		8,397	6,004
Profit for the year attributable to:			
Owners of the Company		7,907	6,443
Non-controlling interests		(22)	44
		7,885	6,487
Total comprehensive income attributable to:			
Owners of the Company		8,409	5,961
Non-controlling interests		(12)	43
		8,397	6,004
Earnings per share			
– basic (in cents)	21	1.53	1.31
– diluted (in cents)	21	1.53	1.31

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

STATEMENTS OF **CHANGES IN EQUITY**
FOR THE YEAR ENDED 31 DECEMBER 2017

Group	Note	Share capital $'000	Foreign currency translation reserve $'000	Merger reserve $'000	Capital reserve $'000	Retained earnings $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2017		59,673	(1,735)	(3,572)	–	6,424	60,790	(31)	60,759
Profit for the year		–	–	–	–	7,907	7,907	(22)	7,885
Other comprehensive income									
Foreign currency translation		–	502	–	–	–	502	10	512
Total comprehensive income for the year		–	502	–	–	7,907	8,409	(12)	8,397
Contributions by and distributions to owners of the Company									
Dividends	22	–	–	–	–	(3,154)	(3,154)	–	(3,154)
Total transactions with owners of the Company		–	–	–	–	(3,154)	(3,154)	–	(3,154)
Transactions with non-controlling interests									
Subscription of shares in subsidiaries by non-controlling interests[(1)]		–	–	–	–	–	–	285	285
Total transactions with non-controlling interests		–	–	–	–	–	–	285	285
Changes in ownership interest in subsidiaries									
Disposal of shares in subsidiaries to non-controlling interest without a change in control	6(d)	–	–	–	31	–	31	67	98
Total changes in ownership interest in subsidiaries		–	–	–	31	–	31	67	98
At 31 December 2017		59,673	(1,233)	(3,572)	31	11,177	66,076	309	66,385

(1) In January 2017, ISEC (Sibu) Sdn. Bhd. has increased its share capital from $4,000 (equivalent to RM10,000) to $637,000 (equivalent to RM2,000,000) through issuance of shares allotted to the existing shareholders of the subsidiary in equal proportion to their existing shareholdings.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

Group	Note	Share capital $'000	Foreign currency translation reserve $'000	Merger reserve $'000	Retained earnings $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2016		51,462	(1,253)	(3,572)	5,362	51,999	(74)	51,925
Profit for the year		–	–	–	6,443	6,443	44	6,487
Other comprehensive income								
Foreign currency translation		–	(482)	–	–	(482)	(1)	(483)
Total comprehensive income for the year		–	(482)	–	6,443	5,961	43	6,004
Contributions by and distributions to owners of the Company								
Issuance of ordinary shares	11	8,226	–	–	–	8,226	–	8,226
Share issue expenses	11	(15)	–	–	–	(15)	–	(15)
Dividends	22	–	–	–	(5,381)	(5,381)	–	(5,381)
Total transactions with owners of the Company		8,211	–	–	(5,381)	2,830	–	2,830
At 31 December 2016		59,673	(1,735)	(3,572)	6,424	60,790	(31)	60,759

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Share capital $'000	Retained earnings $'000	Total equity $'000
Company				
2017				
At 1 January 2017		59,673	1,501	61,174
Profit for the year, representing total comprehensive income for the year		–	5,416	5,416
Contributions by and distributions to owners of the Company				
Dividends	22	–	(3,154)	(3,154)
Total transactions with owners of the Company		–	(3,154)	(3,154)
At 31 December 2017		59,673	3,763	63,436
2016				
At 1 January 2016		51,462	1,406	52,868
Profit for the year, representing total comprehensive income for the year		–	5,476	5,476
Contributions by and distributions to owners of the Company				
Issuance of ordinary shares	11	8,226	–	8,226
Share issue expenses	11	(15)	–	(15)
Dividends	22	–	(5,381)	(5,381)
Total transactions with owners of the Company		8,211	(5,381)	2,830
At 31 December 2016		59,673	1,501	61,174

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017 $'000	2016 $'000
Cash flows from operating activities			
Profit before income tax		10,079	7,984
Adjustments for:			
Allowance for doubtful debts, net	19	8	6
Amortisation of intangible assets	19	632	586
Depreciation of plant and equipment	19	940	847
Interest income	15	(364)	(345)
Interest expense	18	7	4
Gain on disposal of plant and equipment	15	(2)	–
Plant and equipment written-off	19	4	5
Provision for closure costs written-back	15	–	(32)
Other adjustments	15	–	(127)
Operating cash flows before changes in working capital		11,304	8,928
Changes in working capital:			
Inventories		41	22
Trade and other receivables		(348)	170
Prepayments		(26)	(69)
Trade and other payables		(645)	40
Cash flows from operations		10,326	9,091
Income tax paid		(2,037)	(1,792)
Net cash flows from operating activities		8,289	7,299
Cash flows from investing activities			
Proceeds from disposal of plant and equipment		18	2
Acquisition of subsidiary, net of cash acquired		–	(5,607)
Purchase of plant and equipment		(681)	(1,030)
Purchase of intangible assets		(34)	(83)
Interest received		370	340
Net cash flows used in investing activities		(327)	(6,378)
Cash flows from financing activities			
Dividends paid	22	(3,154)	(5,381)
Dividends paid to vendors[(1)]		(932)	–
Subscription of shares in subsidiaries by non-controlling interests		285	–
Proceeds from disposal of shares in subsidiaries to non-controlling interest without a change in control		98	–
Net cash flows used in financing activities		(3,703)	(5,381)
Net increase/(decrease) in cash and cash equivalents		4,259	(4,460)
Cash and cash equivalents at beginning of year		20,376	24,924
Effect of exchange rate changes on cash and cash equivalents		189	(88)
Cash and cash equivalents at end of year	10	24,824	20,376

(1) Vendors refer to the previous shareholders of JLM Companies prior to 1 December 2016.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

1. CORPORATE INFORMATION

ISEC Healthcare Ltd. (the "Company") is a public limited company, incorporated and 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 Company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX").

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $) and all values in the tables are rounded to the nearest thousand ($'000), except when otherwise indicated.

Convergence with International Financial Reporting Standards

For annual financial period beginning on or after 1 January 2018, Singapore-incorporated companies listed on the Singapore Exchange will apply Singapore Financial Reporting Framework (International) ("SFRS(I)"), a new financial reporting framework identical to International Financial Reporting Standards. The Group will adopt SFRS(I) on 1 January 2018.

The Group has performed an assessment of the impact of adopting SFRS(I). Other than the impact on adoption of the SFRS(I) 9, SFRS(I) 15 and SFRS(I) 16, the Group expects that adoption of SFRS(I) will have no material impact on the financial statements in the year of initial application. The Group expects the impact of adopting SFRS(I) 9, SFRS(I) 15 and SFRS(I) 16 will be similar to the impact on adoption of FRS 109, FRS 115 and FRS 116 as disclosed in Note 2.3. On transition to the new financial reporting framework, the Group may choose to elect the optional exemption in SFRS(I) 1 to zerorise its cumulative foreign currency translation differences for foreign operations at the date of transition, and accordingly, the gain or loss that will be recognised on a subsequent disposal of the foreign operations will exclude cumulative translation differences that arose before 1 January 2017. The Group is currently assessing whether to choose to elect the optional exemption and will reflect accordingly in its financial statements beginning 1 January 2018.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual periods beginning on or after 1 January 2017. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective

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

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 102 *Classification and Measurement of Share-Based Payment Transactions*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
INT FRS 122 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
Amendments to FRS115: *Clarifications to FRS115 Revenue from Contracts with Customers*	1 January 2018
FRS 116 *Leases*	1 January 2019
Amendments to FRS109: *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to FRS 28: *Long-term interests in Associates and Joint Ventures*	1 January 2019
INT FRS 123 Uncertainty over Income Tax Treatments	1 January 2019
Improvements to FRSs (March 2018) – FRS 12 *Income Taxes*	1 January 2019
Amendments to FRS 110 and FRS 28 *Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

As disclosed in Note 2.1, the Company will adopt SFRS(I) on 1 January 2018. Upon adoption of SFRS(I) on 1 January 2018, the SFRS(I) equivalent of the above standards that are effective on 1 January 2018 will be adopted at the same time.

The nature of the impending changes in accounting policy on adoption of FRS 109, FRS 115 and FRS 116, amongst other standards, are described below. Except for FRS 116, the directors expect that the adoption of the SFRS(I) equivalent of the above standards will have no material impact on the financial statements in the year of initial application.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and does not expect any significant difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

The Group has performed preliminary impact assessment of adopting FRS 109 based on currently available information. This assessment may be subject to changes arising from ongoing analysis, until the Group adopts FRS 109 in 2018.

(a) Classification and measurement

Debt instruments of the Group are expected to give rise to cash flows representing solely payments of principal and interest. The carrying amount of the loans and receivables of the Group is disclosed in Note 9. The Group intends to hold these loans and receivables to collect contractual cash flows, and accordingly expect to measure these loans and receivables at amortised cost when it applies FRS 109. The Group does not expect any significant impact to arise from these changes.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective (CONT'D)

FRS 109 Financial Instruments (cont'd)

(b) Impairment

FRS 109 requires the Group to record expected credit losses on all of its loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. Upon application of the expected credit loss model, the Group does not expect a significant impact as the Group's historical credit loss experience has been minimal.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model to account for revenue arising from contracts with customers, and introduces new contract cost guidance. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard is effective for annual periods beginning on or after 1 January 2018.

The Group has performed a preliminary impact assessment of adopting FRS 115 based on currently available information. This assessment may be subject to changes arising from ongoing analysis until the Group adopts FRS 115 in 2018. The Group plans to apply the changes in accounting policies retrospectively to each reporting year presented, using the full retrospective approach.

The Group's business comprises provision of medical care, consultancy and treatments where revenue is recognised on stand-alone services rendered. Prices of the services are agreed upfront and no service warranties are given to the customers. Packages, if any, reflect the stand alone selling prices and revenue is recognised based on each utilisation. In view of the above, the Group has assessed that the adoption of FRS 115 would not have material impact to the Group.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on the statement of financial position to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expenses and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group has performed a preliminary impact assessment of the adoption of FRS 116 and expects that the adoption of FRS 116 will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

The Group plans to adopt the new standard on the required effective date by applying FRS 116 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings as at 1 January 2019.

The Group is currently in the process of analysing the transitional approaches and practical expedients to be elected on transition to FRS 116 and assessing the possible impact of adoption.

2.4 Basis of consolidation

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation (cont'd)

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

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

2.5 Business combinations

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

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

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

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

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

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

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Business combinations (cont'd)

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

Acquisition under common control

Business combinations involving entities under common control are accounted for by applying the "pooling-of-interest" method which involves the following:

– the assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company;

– no adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities;

– no additional goodwill is recognised as a result of the combination;

– any difference between the consideration paid/transferred and the equity 'acquired' is reflected within the equity as merger reserve;

– the statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

Comparatives are restated to reflect the combination as if it had occurred from the beginning of the earliest period presented in the financial statements or from the date the entities had come under common control, if later.

In 2014, there was a restructuring exercise that involved acquisition of companies which are under common control, namely ISEC Sdn. Bhd. and its subsidiaries. The consolidated financial statements of the Group included that of ISEC Sdn. Bhd. and its subsidiaries by applying 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.

2.6 Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Foreign currencies

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

(a) Transactions and balances

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

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

(b) Consolidated financial statements

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

2.8 Plant and equipment

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

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

Computer equipment	–	5 years
Electrical equipment	–	6 – 15 years
Motor vehicles	–	5 years
Medical equipment	–	5 – 8 years
Office equipment, furniture and fittings	–	5 – 6 years
Renovation	–	6 – 15 years

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

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

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

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite.

(a) Intangible assets with finite useful lives

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 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.

Computer software and software under development

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. Software under development are carried at cost, less any recognised impairment loss. Cost includes professional fees and other directly attributable costs of developing the software for its intended use. Capitalisation of software under development costs ceases and the software under development is transferred to computer software when substantially all the activities necessary to prepare the software under development for their intended use are completed.

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.

Contractual relationship

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

Customer relationships

Customer relationships acquired in a business combination are measured at its fair value as at the date of acquisition. Following initial recognition, customer relationships are carried at cost less accumulated amortisation and accumulated impairment losses. The customer relationships are amortised over the estimated useful life of 5 years.

(b) Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually 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 change in useful life from indefinite to finite is made on a prospective basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Intangible assets (cont'd)

(b) Intangible assets with indefinite useful lives (cont'd)

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.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating unit 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.

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

2.10 Impairment of non-financial assets

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

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

Impairment losses of continuing operations are recognised in profit or loss.

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

2.11 Subsidiaries

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

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

Subsequent measurement

Loans and receivables

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

De-recognition

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

(b) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

De-recognition

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Impairment of financial assets

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

Financial assets carried at amortised cost

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

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

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

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

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

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and short-term deposits. 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.

2.15 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 incurred in bringing the inventories to their present location and condition.

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

Net realisable value is the estimated selling price at which inventories can be realised in the ordinary course of business, less estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Provisions

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

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

2.17 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented as a credit in profit or loss under "other income".

2.18 Employee benefits

(a) Defined contribution plans

As required by law, the Group makes contributions to the state pension scheme, the Central Provident Fund ("CPF") in Singapore and Employees Provident Fund ("EPF") in Malaysia. CPF and EPF contributions are recognised as compensation expenses in the same period as the employment that gives rise to the contributions.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when the Group has a present legal or constructive obligation to pay as a result of services rendered by employees up to the end of the reporting period.

(c) Employee share option plans

Employees of the Group may receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense. The employee share option reserve is transferred to retained earnings upon expiry of the share option.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Leases

As lessee

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

2.20 Revenue

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, regardless of when the payment is made. Revenue is measured at fair value of the consideration received or receivable, taking into account contractually defined terms of payment and presented, net of rebates, discounts and sales-related taxes.

(a) Rendering of services

Revenue from the provision of medical care, consultancy, treatment and surgery is recognised when the services have been rendered.

Revenue of a subsidiary from profit-sharing for specialist ophthalmology services rendered is recognised every period in accordance with the terms of the service agreement with the external service provider.

(b) Sale of medicine and related products

Revenue from sale of medicine and related products is recognised upon the transfer of risk and rewards of ownership of the medications to the customers when the medications are collected or consumed.

(c) Interest income

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

2.21 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.

2.22 Taxes

(a) Current income tax

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Taxes (cont'd)

(b) Deferred tax

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

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

– Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

– Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Taxes (cont'd)

(c) Sales tax

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

– Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.23 Share capital and share issue expenses

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Assumptions concerning the future and other key sources of estimation uncertainty and accounting judgements made 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.

(a) Impairment of goodwill and cost of investments in subsidiaries

The Group's goodwill and the Company's cost of investments in subsidiaries are subjected to impairment assessment for the financial year ended 31 December 2017. Management assesses goodwill impairment annually. For cost of investment in subsidiaries, management performs an assessment to ascertain whether indicators of impairment are present. For impairment assessments, management uses a discounted cash flow model which involves significant judgement in estimating the recoverable values of these assets. Any shortfall of the recoverable values against the carrying amounts of these assets will be recognised as impairment losses. The recoverable values determined require a number of significant operational and predictive assumptions such as forecasted revenue, growth rate, profit margin and discount rate. These key assumptions which require significant judgements and estimates are applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Notes 5 and 6 to the financial statements.

The carrying amounts of the Group's goodwill and the Company's cost of investment in subsidiaries as at 31 December 2017 were $34,885,000 (2016: $34,638,000) and $48,386,000 (2016: $48,386,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

4. PLANT AND EQUIPMENT

Group	Computer equipment $'000	Electrical equipment $'000	Motor vehicles $'000	Medical equipment $'000	Office equipment, furniture and fittings $'000	Renovation $'000	Total $'000
Cost							
At 1 January 2016	400	510	57	5,299	406	1,388	8,060
Additions	65	61	–	398	66	440	1,030
Acquisition of subsidiaries	6	13	–	26	1	60	106
Disposals	(1)	–	–	–	(2)	(3)	(6)
Written-off	(41)	–	–	(87)	(5)	–	(133)
Currency translation differences	(8)	(13)	(1)	(115)	(10)	(42)	(189)
At 31 December 2016 and 1 January 2017	421	571	56	5,521	456	1,843	8,868
Additions	43	1	55	664	41	12	816[(1)]
Disposals	–	–	–	(79)	(1)	(3)	(83)
Written-off	(1)	–	–	(42)	–	–	(43)
Currency translation differences	7	11	2	117	10	34	181
At 31 December 2017	470	583	113	6,181	506	1,886	9,739
Accumulated depreciation							
At 1 January 2016	179	169	46	2,993	177	857	4,421
Depreciation charge for the year	69	53	11	516	95	103	847
Disposals	(1)	–	–	–	(2)	(1)	(4)
Adjustments*	–	–	–	(128)	–	–	(128)
Written-off	(41)	–	–	(86)	–	–	(127)
Currency translation differences	(4)	(5)	(1)	(72)	(6)	(20)	(108)
At 31 December 2016 and 1 January 2017	202	217	56	3,223	264	939	4,901
Depreciation charge for the year	81	63	1	575	76	144	940
Disposals	–	–	–	(67)	–	–	(67)
Written-off	–	–	–	(39)	–	–	(39)
Currency translation differences	3	5	1	74	7	20	110
At 31 December 2017	286	285	58	3,766	347	1,103	5,845
Carrying amount							
At 31 December 2016	219	354	–	2,298	192	904	3,967
At 31 December 2017	184	298	55	2,415	159	783	3,894

* Adjustments relate to accumulated depreciation of medical equipment disposed of in prior years which were omitted upon reversal of the corresponding costs.

(1) $135,000 of the plant and equipment purchased remains unpaid as at 31 December 2017 and was included in other payables set out in Note 14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

4. PLANT AND EQUIPMENT (CONT'D)

Company	Computer equipment $'000	Office equipment, furniture and fittings $'000	Renovation $'000	Total $'000
Cost				
At 1 January 2016, 31 December 2016 and 1 January 2017	41	13	144	198
Additions	3	–	–	3
At 31 December 2017	44	13	144	201
Accumulated depreciation				
At 1 January 2016	11	3	32	46
Depreciation charge for the year	8	3	24	35
At 31 December 2016 and 1 January 2017	19	6	56	81
Depreciation charge for the year	8	2	24	34
At 31 December 2017	27	8	80	115
Carrying amount				
At 31 December 2016	22	7	88	117
At 31 December 2017	17	5	64	86

5. INTANGIBLE ASSETS

Group	Computer software $'000	Software under development $'000	Goodwill $'000	Contractual relationship $'000	Customer relationships $'000	Total $'000
Cost						
At 1 January 2016	444	37	20,335	5,300	–	26,116
Additions	55	28	–	–	–	83
Arising from acquisition of subsidiaries	–	–	14,566	–	155	14,721
Reclassification	46	(46)	–	–	–	–
Currency translation differences	(12)	(2)	(263)	–	–	(277)
At 31 December 2016 and 1 January 2017	533	17	34,638	5,300	155	40,643
Additions	34	–	–	–	–	34
Reclassification	16	(16)	–	–	–	–
Currency translation differences	12	*	247	–	–	259
At 31 December 2017	595	1	34,885	5,300	155	40,936

* Less than $1,000

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

5. INTANGIBLE ASSETS (CONT'D)

Group	Computer software $'000	Software under development $'000	Goodwill $'000	Contractual relationship $'000	Customer relationships $'000	Total $'000
Accumulated amortisation						
At 1 January 2016	291	–	–	663	–	954
Amortisation for the year	56	–	–	530	–	586
Currency translation differences	(8)	–	–	–	–	(8)
At 31 December 2016 and 1 January 2017	339	–	–	1,193	–	1,532
Amortisation for the year	71	–	–	530	31	632
Currency translation differences	6	–	–	–	–	6
At 31 December 2017	416	–	–	1,723	31	2,170
Carrying amount						
At 31 December 2016	194	17	34,638	4,107	155	39,111
At 31 December 2017	179	1	34,885	3,577	124	38,766
Remaining useful life as at 31 December 2017 (years)	1 to 5	–	–	6.75	4	–

Company	Computer software $'000
Cost	
At 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017	8
Accumulated amortisation	
At 1 January 2016	*
Amortisation for the year	2
At 31 December 2016 and 1 January 2017	2
Amortisation for the year	3
At 31 December 2017	5
Carrying amount	
At 31 December 2016	6
At 31 December 2017	3
Remaining useful life as at 31 December 2017 (years)	1.5 to 2

* Less than $1,000

Amortisation of computer software, and contractual relationship and customer relationships are included in "administrative expenses" and "other expenses" line items respectively in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

5. INTANGIBLE ASSETS (CONT'D)

Goodwill

Goodwill on consolidation arises from the acquisition of subsidiaries. Goodwill arising from business combinations is allocated to the following cash-generating units ("CGUs") that are expected to benefit from the business combinations:

	2017 $'000	2016 $'000
Goodwill		
ISEC Eye Pte. Ltd. ("ISEC Eye")	7,970	7,970
Southern Specialist Eye Centre Sdn. Bhd. ("SSEC")	12,349	12,102
JL Medical (Bukit Batok) Pte. Ltd. ("JLMBB")	4,323	4,323
JL Medical (Sembawang) Pte. Ltd. ("JLMS")	3,780	3,780
JL Medical (Woodlands) Pte. Ltd. ("JLMW")	4,189	4,189
JL Medical (Yew Tee) Pte. Ltd. ("JLMYT")	2,274	2,274
	34,885	34,638

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial forecasts approved by management covering a five-year period and projection to terminal year. The key assumptions for the value in use calculations are those regarding the discount rates, revenue and terminal growth rates as follows:

	Revenue growth rate		Terminal growth rate		Pre-tax discount rate	
	2018 to 2021 %	2017 to 2020 %	2017 %	2016 %	2017 %	2016 %
ISEC Eye	5	5 – 6	1.1	1.1	18	20
SSEC	6 – 10	6 – 15	3.5	3.5	13	13
JLMBB	5 – 8	6 – 13	2	2	10	10
JLMS/JLMW/JLMYT	2 – 3	6 – 8	2	2	10	10

Management estimates the discount rate using pre-tax rates that reflect current market assessment of the time value of money and the risks specific to the CGUs. The revenue and terminal growth rate are based on management's estimates and expectations from historical trends and industry indices.

Key assumptions used in the value in use calculations

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

Budgeted gross margins – Gross margins are based on average values achieved in the three years preceding the start of the budget period. Management expects the respective CGUs' gross margin as percentage of revenue to remain generally consistent over the budget period.

Growth rates – The forecasted growth rates are based on management's expectations for each CGU from historical trends and planned price revisions, as well as long-term average growth rates of the healthcare industry in the respective countries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

5. INTANGIBLE ASSETS (CONT'D)

Key assumptions used in the value in use calculations (cont'd)

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its CGUs and derived from its weighted average cost of capital ("WACC"). The Group had not incurred any debt as at 31 December 2017. The WACC takes into account the future targeted debt and equity structure. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the expected interest rate that Group will be obliged to service had it entered into interest-bearing borrowings.

As at the reporting date, the Group has re-evaluated and lowered the company-specific risks for ISEC Eye, and this in turn resulted in a reduced discount rate of 18% (2016: 20%).

Sensitivity analysis

Management believes that no reasonably possible changes in any key assumptions would cause the carrying values of the respective CGUs to materially exceed their recoverable amounts.

Contractual relationship

ISEC Eye

Contractual relationship relates to an agreement between 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.

Customer relationships

JLMBB, JLMS, JLMW, JLMYT

Customer relationships arise from clinical and medical services to recurring customers.

Management has applied the Multi-Period Excess Earning Method ("MEEM") to estimate the fair value of the intangible asset at acquisition date based on a useful life of 5 years and an attrition rate of 20% yearly.

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2017 $'000	2016 $'000
Unquoted equity shares, at cost	35,287	35,287
Deemed capital contribution	16,766	16,766
	52,053	52,053
Less: Allowance for impairment	(3,667)	(3,667)
	48,386	48,386

There has been no movement in the allowance for impairment account for the financial year ended 31 December 2017 (2016: charge of $3,667,000 for impairment loss).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Deemed capital contribution

Deemed capital contribution to subsidiaries are unsecured, interest-free and repayable at the discretion of the subsidiaries.

Impairment of subsidiary – ISEC SG

As at 31 December 2016, the Company recognised an impairment loss of $3,667,000 in the Company's profit or loss due to cessation of operations of the subsidiary.

(a) Composition of the Group

The Group has the following significant investment in subsidiaries:

Name of company	Principal place of business	Principal activities	Proportion of ownership interest held (%) 2017	2016
Held by the Company:				
ISEC Sdn. Bhd[2]	Malaysia	Medical eye care services	100	100
ISEC Eye Pte. Ltd.[1]	Singapore	Medical eye care services	100	100
International Specialist Eye Centre Pte. Ltd.[1]	Singapore	Medical eye care services	100	100
ISEC Global Pte. Ltd.[1]	Singapore	Investment holding	100	100
JL Medical (Bukit Batok) Pte. Ltd. [1]	Singapore	General medical services	100	100
JL Medical (Sembawang) Pte. Ltd.[1]	Singapore	General medical services	100	100
JL Medical (Woodlands) Pte. Ltd. [1]	Singapore	General medical services	100	100
JL Medical (Yew Tee) Pte. Ltd.[1]	Singapore	General medical services	100	100
Held through ISEC Sdn. Bhd.:				
ISEC (Penang) Sdn. Bhd.[2] ("ISEC Penang")	Malaysia	Medical eye care services	51	66
ISEC (Sibu) Sdn. Bhd.[2] ("ISEC Sibu")	Malaysia	Medical eye care services	55	55
Southern Specialist Eye Centre Sdn. Bhd.[2] ("SSEC")	Malaysia	Medical eye care services	100	100

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by Ernst & Young Malaysia, a member firm of Ernst & Young Global

NOTES TO THE FINANCIAL STATEMENTS

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6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Interest in subsidiary with material non-controlling interest ("NCI")

The Group has the following subsidiary that has NCI that is material to the Group.

	ISEC Penang	
	2017	2016
Proportion of ownership interest held by non-controlling interest (%)	49	34
Profit after taxation allocated to NCI during the reporting period ($'000)	109	116
Accumulated NCI at the end of reporting period ($'000)	226	15

(c) Summarised financial information about subsidiary with material NCI

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

Summarised statement of financial position

	ISEC Penang	
	2017 $'000	2016 $'000
Assets and liabilities		
Non-current assets	872	1,001
Current assets	782	701
Non-current liabilities	(57)	(51)
Current liabilities	(1,131)	(1,556)
Net assets	466	95

Summarised statement of comprehensive income

Revenue	3,994	3,121
Profit for the financial year	359	342
Total comprehensive income	365	317

Other summarised information

Net cash generated from operating activities	558	596
Net cash used in investing activities	(99)	(45)
Net cash used in financing activities	(416)	(430)
Net change in cash and cash equivalents	43	121

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6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(d) Disposal of ownership in interest in subsidiary, without loss of control

On 15 December 2017, the Group disposed of 15% equity interest in ISEC Penang to its non-controlling interest. Following the disposal, the Group still controls ISEC Penang, retaining 51% of the ownership interests. The transaction has been accounted for as an equity transaction with non-controlling interests, resulting in:

	2017 $'000
Proceeds from sale of 15% ownership interest	98
Net assets attributable to NCI	(67)
Increase in equity attributable to parent	31
Represent by:	
Capital reserve	31

7. DEFERRED TAX

Movement in deferred tax of the Group during the year are as follows:

	At 1 January 2017 $'000	Recognised in profit or loss $'000	Currency translation differences $'000	At 31 December 2017 $'000
Deferred tax assets				
Provisions and other temporary differences	30	(19)	*	11
Total	30	(19)	*	11
Deferred tax liabilities				
Differences in depreciation for tax purposes	36	17	1	54
Differences in amortisation of intangible assets	725	(95)	–	630
Total	761	(78)	1	684
Deferred tax credit, net		(59)		

* Less than $1,000

	At 1 January 2016 $'000	Recognised in profit or loss $'000	Acquisitions through business combination $'000	Currency translation differences $'000	At 31 December 2016 $'000
Deferred tax assets					
Provisions and other temporary differences	39	(8)	–	(1)	30
Total	39	(8)	–	(1)	30
Deferred tax liabilities					
Differences in depreciation for tax purposes	54	(25)	8	(1)	36
Differences in amortisation of intangible assets	789	(90)	26	–	725
Total	843	(115)	34	(1)	761
Deferred tax credit, net		(107)			

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8. INVENTORIES

	Group	
	2017	2016
	$'000	$'000
Medical and surgical supplies	1,177	1,218

Inventories of $7,835,000 (2016: $6,474,000) were recognised as an expense and included in "cost of sales" line item in profit or loss for the financial year ended 31 December 2017.

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Trade receivables	1,450	1,588	–	–
Accrued revenue	486	176	43	30
Total trade receivables	1,936	1,764	43	30
Less: allowance for doubtful debts	(27)	(19)	–	–
	1,909	1,745	43	30
Other receivables	8	24	2	14
Accrued reimbursement from vendors of subsidiaries acquired	159	–	159	–
Amounts due from subsidiaries (non-trade)	–	–	3,912	4,621
Deposits	429	402	55	53
Total trade and other receivables	2,505	2,171	4,171	4,718
Add: Cash and cash equivalents	24,824	20,376	11,048	8,266
Total loans and receivables	27,329	22,547	15,219	12,984

Trade receivables are unsecured, non-interest bearing and generally on 60 to 90 days' (2016: 60 to 90 days') credit terms.

Accrued revenue relates to professional fees for consultancy services provided and interest income accrued by the Group.

Amounts due from subsidiaries (non-trade) are unsecured, non-interest bearing and repayable on demand.

Deposits mainly relate to the refundable rental deposits of premises upon termination and/or expiry of the respective tenancy agreements.

Accrued reimbursement from vendors of JLM Companies acquired on 1 December 2016 relates to shortfall in profit achieved by the subsidiaries for the financial year ended 31 December 2017.

Amounts due from subsidiaries denominated in foreign currencies are as follows:

	Company	
	2017	2016
	$'000	$'000
Ringgit Malaysia	1,020	3,127

NOTES TO THE FINANCIAL STATEMENTS

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9. TRADE AND OTHER RECEIVABLES (CONT'D)

Receivables that are past due but not impaired

The Group has trade receivables amounting to $319,000 (2016: $287,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging as at the end of the reporting period is as follows:

	Group	
	2017 $'000	**2016 $'000**
Trade receivables past due but not impaired:		
Less than 30 days	179	132
31 – 60 days	57	61
61 – 90 days	33	9
More than 90 days	50	85
	319	287

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

Receivables that are impaired

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

	Group	
	2017 $'000	**2016 $'000**
Movement in allowance account:		
At 1 January	19	15
Charge for the year	8	8
Written-back	–	(2)
Written-off	–	(2)
At 31 December	27	19

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Cash and bank balances	17,298	13,054	4,048	1,266
Fixed deposits with banks	7,526	7,322	7,000	7,000
Total cash and cash equivalents	24,824	20,376	11,048	8,266

Fixed deposits are made for varying periods of between one and three months and effective interest rates on the fixed deposits range from 0.84% to 3.8% (2016: 1.03% to 3.8%) per annum.

There is no cash and cash equivalent which is denominated in foreign currencies as at 31 December 2017 and 2016.

NOTES TO THE **FINANCIAL STATEMENTS**

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11. SHARE CAPITAL

	Group and Company			
	2017	**2016**	**2017**	**2016**
	Number of ordinary shares		**$'000**	**$'000**
Issued and fully-paid:				
At 1 January	517,095,669	489,211,919	59,673	51,462
Issuance of shares pursuant to payment for acquisition of 100% equity interest in JLMBB, JLMS, JLMW and JLMYT	–	27,883,750	–	8,226
Share issue expenses	–	–	–	(15)
At 31 December	517,095,669	517,095,669	59,673	59,673

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 1 December 2016, the Company issued 27,883,750 ordinary shares to vendors of JLMBB, JLMS, JLMW and JLMYT amounting to $8,226,000. Incremental costs of $15,000 directly attributable to the issuance of ordinary shares were deducted against the share capital.

12. OTHER RESERVES

	Group	
	2017	**2016**
	$'000	**$'000**
Foreign currency translation reserve	(1,233)	(1,735)
Merger reserve	(3,572)	(3,572)
Capital reserve	31	–
	(4,774)	(5,307)

Foreign currency translation reserve

The foreign currency translation reserve 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 reserve is set out in the consolidated statement of changes in equity.

Merger reserve

Merger reserve represents the difference between the consideration paid and the share capital value of the subsidiaries acquired under common control.

Capital reserve

Capital reserve represents the difference between the proceeds received and the decrease in the share of net total assets of the subsidiary, whose interest is diluted as disclosed in Note 6(d) to the financial statements.

13. PROVISIONS

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Provision for step-up rent	53	50	–	–
Provision for restoration costs	155	148	20	19
	208	198	20	19

Provision for restoration costs

The provision for restoration costs is the estimated costs to dismantle, remove or restore plant and equipment arising from the return of rented operating premises leased to the landlords pursuant to lease agreements.

Movements in provision for restoration costs during the financial year are as follows:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
At 1 January	148	114	19	19
Acquisition of subsidiaries	–	32	–	–
Utilised	–	–	–	–
Amortisation of discount	5	4	1	*
Currency translation differences	2	(2)	–	–
At 31 December	155	148	20	19

* Less than $1,000

14. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Trade payables	1,066	944	–	–
Other payables	306	803	3	98
Goods and services tax ("GST") payable	119	39	1	–
Amount due to vendors*	–	935	–	–
Amounts due to subsidiaries	–	–	–	47
Deferred income	21	–	–	–
Advances from customers	192	143	–	–
Accrued expenses	1,771	2,055	230	168
Total trade and other payables	3,475	4,919	234	313
Less: GST payable	(119)	(39)	(1)	–
Less: Advances from customers	(192)	(143)	–	–
Less: Deferred income	(21)	–	–	–
Total financial liabilities carried at amortised cost	3,143	4,737	233	313

* Vendors refer to the previous shareholders of JLM Companies prior to 1 December 2016.

Trade and other payables are unsecured, non-interest bearing and are normally settled on 30 to 90 days' (2016: 30 to 90 days') terms.

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

NOTES TO THE FINANCIAL STATEMENTS
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14. TRADE AND OTHER PAYABLES (CONT'D)

Amounts due to subsidiaries denominated in foreign currencies are as follows:

	Company	
	2017 $'000	2016 $'000
Ringgit Malaysia	–	47

15. OTHER INCOME

	Group	
	2017 $'000	2016 $'000
Provision for closure costs written-back	–	32
Other adjustments (Note 4)	–	127
Gain on disposal of plant and equipment	2	–
Interest income	364	345
Government grant	32	23
Reimbursement from vendors of subsidiaries acquired (Note 9)	159	–
Others	40	23
	597	550

16. SELLING AND DISTRIBUTION EXPENSES

	Group	
	2017 $'000	2016 $'000
Advertisements	21	49
Marketing campaign expenses	32	43
	53	92

17. OTHER EXPENSES

	Group	
	2017 $'000	2016 $'000
Amortisation of intangible assets(1)	561	530
Others	–	8
	561	538

(1) Comprise of amortisation of contractual relationship and customer relationships.

18. FINANCE COSTS

	Group	
	2017 $'000	2016 $'000
Interest expense on amortisation of discount on provision	5	4
Interest expense to financial institution	2	–
	7	4

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19. PROFIT BEFORE INCOME TAX

Other than as disclosed in Notes 15 to 18, the following items have been included in arriving at profit before income tax:

	Group	
	2017 **$'000**	**2016** **$'000**
Cost of inventories	7,835	6,474
Depreciation of plant and equipment	940	847
Doctors' consultancy fees	505	264
Directors' fees	218	218
Employee benefits expense		
– salaries, bonus and other benefits	9,315	10,791
– defined contribution plans	1,091	1,133
Audit fees		
– auditors of the Company	100	82
– other auditors	51	54
Non-audit fees		
– auditors of the Company	76	23
– other auditors	3	48
Amortisation of intangible assets	632	586
Foreign exchange (gain)/loss, net	(15)	109
Plant and equipment written-off	4	5
Operating lease expenses	1,214	918
Allowance for doubtful debts, net	8	6

20. INCOME TAX EXPENSE

	Group	
	2017 **$'000**	**2016** **$'000**
Current income tax		
– current financial year	2,222	1,924
– under/(over)-provision in prior financial years	31	(320)
	2,253	1,604
Deferred tax		
– current financial year	(45)	(161)
– (over)/under-provision in prior financial years	(14)	54
	(59)	(107)
Total income tax expense recognised in profit or loss	2,194	1,497

There is no deferred tax expense related to other comprehensive income or charged directly in equity during the year (2016: nil).

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20. INCOME TAX EXPENSE (CONT'D)

Relationship between tax expense and profit before income tax

A reconciliation between tax expense and the product of profit before income tax multiplied by the applicable corporate tax rate for the years ended 31 December 2017 and 2016 is as follows:

	Group	
	2017 $'000	2016 $'000
Profit before income tax	10,079	7,984
Income tax calculated at Singapore's statutory income tax rate of 17% (2016: 17%)	1,713	1,357
Adjustments:		
Effect of different tax rate in other country	479	436
Income not subject to income tax	(18)	(61)
Non-deductible expenses	135	199
Deferred tax assets not recognised	68	82
Benefits from previously unrecognised deferred tax assets	–	(118)
Under/(over)-provision of current income tax in respect of previous years	31	(320)
Under-provision of deferred tax in previous years	(14)	54
Tax effect of tax exemption	(200)	(132)
	2,194	1,497

As at 31 December 2017, the Group has unutilised tax losses and unabsorbed capital allowances of approximately $1,800,000 (2016: $2,890,000) and $375,000 (2016: $35,000) 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 in accordance with the accounting policy in Note 2.22(b) to the financial statements.

Tax consequence of proposed dividends

There are no income tax consequences (2016: nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 22).

Unrecognised temporary differences relating to investment in subsidiaries

At the end of the reporting period, no deferred tax liability has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the undistributed earnings are eligible for tax exemption.

NOTES TO THE FINANCIAL STATEMENTS
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21. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the financial year attributable to owners of the Company 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.

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

	Group	
	2017	**2016**
Profit for the year attributable to owners of the Company ($'000)	7,907	6,443
Weighted average number of ordinary shares in issue during the financial year applicable to basic earnings per share	517,095,669	491,580,128
Earnings per share (in cents) – basic and diluted	1.53	1.31

22. DIVIDENDS

	Group	
	2017 $'000	**2016 $'000**
Dividends on ordinary shares:		
– Final tax-exempt dividend for 2016: 0.11 cents (2015: 0.22 cents) per share	569	1,076
– First interim tax-exempt dividend for 2017: 0.50 cents (2016: 0.66 cents) per share	2,585	3,229
– Second interim tax-exempt dividend for 2017: Nil (2016: 0.22 cents) per share	–	1,076
	3,154	5,381
Proposed but not recognised as a liability as at 31 December:		
– Final tax-exempt dividends on ordinary shares for 2017 of 0.70 cents (2016: 0.11 cents) per share, subject to shareholders' approval at the Annual General Meeting	3,620	569

23. RELATED PARTY TRANSACTIONS

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	
	2017 $'000	**2016 $'000**
With firm and member firm related to director of the Company		
Professional fees charged by	15	263

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23. RELATED PARTY TRANSACTIONS (CONT'D)

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

The remuneration of key management personnel of the Group during the financial year is as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Directors of the Company		
– Directors' fee	210	210
– short-term employee benefits	1,820	1,852
– post employment benefits	128	132
Key management personnel of the Group		
– Directors' fee	7	7
– short-term employee benefits	2,043	1,910
– post employment benefits	267	214
Other key management personnel of the subsidiaries, including directors		
– Directors' fee	2	2
– short-term employee benefits	1,977	1,446
– post employment benefits	241	172
	6,695	5,945

24. COMMITMENTS

(a) Capital commitment

As at the end of the reporting period, capital expenditures approved and contracted for but not recognised in the financial statements were as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Software under development	–	45

(b) Operating lease commitments

The Group as lessee

The Group leases office spaces, clinic premises and office equipment under non-cancellable operating leases. The operating lease commitments are based on existing rental rates. The leases have lease terms ranging from 1 to 15 years and rentals are fixed at variable amounts during the lease term.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2017 amounted to $1,214,000 (2016: $918,000).

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

	Group	
	2017	**2016**
	$'000	**$'000**
Not later than one year	1,335	1,248
Later than one year but not later than five years	2,426	2,306
Later than five years	219	377
	3,980	3,931

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25. 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 assessing performance. The information reported to the chief operating decision maker does not include an analysis of assets and liabilities. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

Subsequent to the acquisition of the JLM Companies which was completed on 1 December 2016, the Group has two reportable segments as described below.

Business segments information

– Specialised health services: provision of medical care, consultancy, treatment and surgery in the field of ophthalmology

– General health services: provision of general medical services

	Group	
	2017	**2016**
	$'000	**$'000**
Segment revenue		
Specialised health services	32,955	30,487
General health services	4,021	293
Total	36,976	30,780
Segment profit after tax		
Specialised health services	6,986	6,451
General health services	899	36
Total	7,885	6,487

Geographical information

Revenue and operating result are based on the country in which the services are provided and country where the customers are located.

	Group	
	2017	**2016**
	$'000	**$'000**
Segment revenue		
Singapore	9,016	4,826
Malaysia	27,960	25,954
Total	36,976	30,780
Segment profit after tax		
Singapore	2,374	1,033
Malaysia	5,511	5,454
Total	7,885	6,487

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25. SEGMENT INFORMATION (CONT'D)

Major customers

Revenue is mainly derived from the walk-in patients who are the general public. Due to the diverse base of customers to which the Group renders services, the Group is generally not reliant on any customer for its sales and no one single customer accounted for 5% or more of the Group's total revenue except for three (2016: two) customers, which in total had contributed to 29% (2016: 13%) of the Group's total revenue for financial year ended 31 December 2017.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's activities have exposure to credit risks, market 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.

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.

(a) 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.

Excessive risk concentration and exposure to credit risk

The Group does not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics except trade receivables from 2 (2016: 2) customers which represent 43% (2016: 38%) of total trade receivables balance at year end.

As at 31 December 2017, the Company has significant credit exposure arising from the non-trade amounts due from subsidiaries amounting to $3,912,000 (2016: $4,621,000).

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

Financial assets that are neither past due nor impaired

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.

Financial assets that are either past due or impaired

Information regarding the financial assets that are either past due or impaired is disclosed in Note 9.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Market risks

Foreign currency risks

The Group is exposed to currency translation risk arising from its intercompany balances with its foreign operations in Malaysia. The intercompany balances in Malaysia are not hedged as currency positions in Ringgit Malaysia ("RM") are repayable upon demand.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before income tax to a reasonably possible change in the RM exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Group		Company	
	2017 $'000 Increase/ (decrease)	2016 $'000 Increase/ (decrease)	2017 $'000 Increase/ (decrease)	2016 $'000 Increase/ (decrease)
RM/SGD – strengthened 5% (2016: 5%)	27	125	51	154
– weakened 5% (2016: 5%)	(27)	(125)	(51)	(154)

(c) 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 of credit facilities and maintain sufficient levels of cash to meet working capital requirements.

Contractual maturity analysis

The following table details 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.

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Within one financial year				
Financial assets				
Trade and other receivables	2,505	2,171	4,171	4,718
Cash and cash equivalents	24,824	20,376	11,048	8,266
Total undiscounted financial assets	27,329	22,547	15,219	12,984
Financial liabilities				
Trade and other payables, representing total undiscounted financial liabilities	3,143	4,737	233	313
Total net undiscounted assets	24,186	17,810	14,986	12,671

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

27. CAPITAL MANAGEMENT

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 2017 and 31 December 2016.

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 during the financial year ended 31 December 2017 and 31 December 2016.

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

The gearing ratio is not disclosed as the Group does not have any external borrowings as at 31 December 2017 and 31 December 2016.

28. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 7 March 2018, ISEC Sibu has increased its share capital from $637,000 (equivalent to RM2,000,000) to $973,000 (equivalent to RM3,000,000) through issuance of shares allotted to the existing shareholders of the subsidiary in equal proportion to their existing shareholdings.

29. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 29 March 2018.

STATISTICS OF SHAREHOLDINGS

as at 23 March 2018

Number of Ordinary Shares in Issue (excluding treasury shares and subsidiary holdings)	:	517,095,669
Number of Treasury Shares held	:	Nil
Number of Subsidiary Holdings held	:	Nil
Class of Shares	:	Ordinary
Voting Rights	:	One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	1	0.14	45	0.00
100 – 1,000	27	3.80	17,300	0.00
1,001 – 10,000	229	32.21	1,742,700	0.34
10,001 – 1,000,000	428	60.20	36,144,035	6.99
1,000,001 AND ABOVE	26	3.65	479,191,589	92.67
TOTAL	**711**	**100.00**	**517,095,669**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	RAFFLES NOMINEES (PTE) LIMITED	98,182,890	18.99
2	LEE HUNG MING	83,609,200	16.17
3	MAYBANK KIM ENG SECURITIES PTE LTD	52,286,595	10.11
4	CITIBANK NOMINEES SINGAPORE PTE LTD	31,515,358	6.09
5	DBS NOMINEES (PRIVATE) LIMITED	28,664,100	5.54
6	WONG JUN SHYAN	28,024,605	5.42
7	LEE YENG FEN	25,892,258	5.01
8	ANNE MARIE LOH FOONG HAN	18,234,895	3.53
9	CHOONG YEE FONG OR HERA LUKMAN	17,436,699	3.37
10	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	16,284,645	3.15
11	FANG SENG KHEONG OR CAROLINE HO MEI LI	16,023,245	3.10
12	MICHAEL LAW SIE HAUR	15,208,000	2.94
13	LIM CHEOK PENG	6,850,000	1.32
14	OCBC SECURITIES PRIVATE LIMITED	5,782,000	1.12
15	CHAN MEI LAN CORDELIA	5,137,800	0.99
16	UOB KAY HIAN PRIVATE LIMITED	5,128,500	0.99
17	HSBC (SINGAPORE) NOMINEES PTE LTD	4,696,300	0.91
18	DBSN SERVICES PTE LTD	4,175,700	0.81
19	KOK HOWE SEN	3,679,578	0.71
20	PHILLIP SECURITIES PTE LTD	3,557,500	0.69
	TOTAL	**470,369,868**	**90.96**

STATISTICS OF SHAREHOLDINGS

as at 23 March 2018

PUBLIC FLOAT

Based on the information available to the Company as at 23 March 2018, approximately 38.93% 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 issued by 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]**
1	Dr Lee Hung Ming[2],[5]	83,609,200	16.17	104,283,058	20.17
2	Dr Wong Jun Shyan[3]	28,024,605	5.42	15,000,000	2.90
3	Oh Chin Beng[4]	–	–	26,615,680	5.15
4	Dr Lee Yeng Fen[5]	25,892,258	5.01	30,000,000	5.80

Note:

1. *Based on the total issued share capital of 517,095,669 ordinary shares of the Company as at 23 March 2018.*

2. *Dr Lee Hung Ming is deemed to have an interest in the 18,390,800 ordinary shares and 30,000,000 ordinary shares held through his nominees, DBS Nominees (Private) Limited and HSBC (Singapore) Nominees Pte Ltd respectively. Dr Lee Hung Ming is also deemed interested in the 55,892,258 ordinary shares held by his spouse.*

3. *Dr Wong Jun Shyan is deemed to have an interest in the 15,000,000 ordinary shares held through his nominee, CIMSEC Nominees (Tempatan) Sdn Bhd CIMB.*

4. *Mr Oh Chin Beng is deemed interested in 26,615,680 ordinary shares of the Company held by Tandilion International Ltd, a Company in which Mr Oh Chin Beng exercises ultimate control. The 26,615,680 ordinary shares of the Company held by Tandilion International Ltd is in turn held through Citibank Nominees Singapore Pte Ltd.*

5. *Dr Lee Yeng Fen is the spouse of Dr Lee Hung Ming, Executive Vice Chairman of the Company. She is also deemed interested in the 30,000,000 ordinary shares held through her nominee HSBC (Singapore) Nominees Pte Ltd.*

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **ISEC HEALTHCARE LTD.** will be held at Arthur Lim Auditorium, Level 2, Alumni Medical Centre, 2 College Road, Singapore 169850 on Wednesday, 25 April 2018 at 3.30 p.m. to transact the following business:–

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2017 together with the Independent Auditor's Report thereon. **(Resolution 1)**

2. To declare a final dividend of 0.7 Singapore cents (S$0.007) per ordinary share tax exempt (one-tier) for the financial year ended 31 December 2017 (FY2016: S$0.0011 per ordinary share). **(Resolution 2)**

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

   Dr Wong Jun Shyan **(Resolution 3)**
   Mr Sitoh Yih Pin **(Resolution 4)**

   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 2017.
   [See Explanatory Note (i)]

4. To approve the payment of Directors' fees of S$170,000 for the financial year ending 31 December 2018, payable quarterly in arrears. (FY2017: S$210,000) **(Resolution 5)**
   [See Explanatory Note (ii)]

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

6. 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:

7. 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

NOTICE OF **ANNUAL GENERAL MEETING**

(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 and subsidiary holdings) 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 and subsidiary holdings) 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 and subsidiary holdings) in the capital of the Company shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) 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 Constitution, 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.

[See Explanatory Note (iii)] **(Resolution 7)**

NOTICE OF **ANNUAL GENERAL MEETING**

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

That pursuant to Section 161 of the Singapore Companies Act, Cap. 50, of Singapore, 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 and subsidiary holdings) 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 8)**

9. **Authority to issue Shares under the ISEC Healthcare Performance Share Plan (the "Performance Share Plan")**

That pursuant to Section 161 of the Singapore Companies Act, Cap. 50, of Singapore, the Directors of the Company be authorised and empowered to grant awards in accordance with the provisions of the Performance Share Plan 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 vesting of awards under the Performance Share Plan, provided always that the aggregate number of Shares issued and issuable in respect of all awards granted under the Performance Share Plan, when added to all Shares issued and issuable in respect of the ISEC Healthcare Share Option Scheme and any other share scheme implemented by the Company for the time being in force, shall not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company on the day preceding the date of grant of the award.
[See Explanatory Note (v)] **(Resolution 9)**

10. **Proposed Renewal of the Share Buyback Mandate**

THAT

(a) for the purposes of Sections 76C and 76E of the Singapore Companies Act, Cap. 50, of Singapore (the "**Act**"), the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) market purchases transacted on Catalist through the ready market, and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose of the share buyback ("**Market Purchases**"); and/or

(ii) off-market purchases effected pursuant to an equal access scheme as defined in Section 76C of the Act ("**Off-Market Purchase**"),

and otherwise in accordance with all other laws and regulations, including but not limited to, the Company's Constitution, the provisions of the Act and the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") as may for the time being be applicable (the "**Share Buyback Mandate**");

NOTICE OF **ANNUAL GENERAL MEETING**

(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buyback Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held in treasury and dealt with in accordance with the Act;

(c) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next AGM of the Company is held or is required by law to be held;

(ii) the date on which the purchases or acquisitions of the shares pursuant to the Share Buyback Mandate is carried out to the full extent mandated; or

(iii) the date on which the authority conferred in the Share Buyback Mandate is varied or revoked by the shareholders in a general meeting,

whichever is the earliest ("**Relevant Period**").

(d) for purposes of this Resolution:

"**Prescribed Limit**" means 10% of the total number of issued ordinary shares of the Company ("**Shares**") as at the date of passing of this Resolution unless the Company has, at any time during the Relevant Period, effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act, in which event the total number of Shares shall be taken to be the total number of Shares as altered (excluding any treasury shares and subsidiary holdings that may be held by the Company from time to time); and

"**Maximum Price**" in relation to a Share to be purchased, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price,

where:

(iii) "**Average Closing Price**" means the average of the closing market prices of a Share over the last five market days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5)-day period;

(iv) "**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating the purchase price (which shall not be more than the Maximum Price) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(v) "**market day**" means a day on which the SGX-ST is open for trading in securities.

NOTICE OF ANNUAL GENERAL MEETING

(e) any of the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Resolution.

[See Explanatory Note (vi)] **(Resolution 10)**

By Order of the Board

Leong Chee Meng Kenneth
Company Secretary
Singapore,
10 April 2018

Explanatory Notes:

(i) Dr Wong Jun Shyan, upon re-election as a Director of the Company, will remain as the Executive Director and Chief Executive Officer.

Saved as disclosed in our Annual Report for FY2017, there are no relationships (including family relationships) between Dr Wong Jun Shyan and the other Directors, the Company and its ten per cent (10%) shareholders.

Mr Sitoh Yih Pin, upon re-election as a Director of the Company, will remain as an Independent Director, the Chairman of Board, Chairman of the Audit Committee, and a member of the Remuneration and Nominating 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.

There are no relationships (including immediate family relationships) between Mr Sitoh Yih Pin and the other Directors, the Company or its 10% shareholders.

(ii) Ordinary Resolution 5, if passed, will facilitate the payment of Directors' fees during the financial year ending 31 December 2018 in which the fees incurred are payable quarterly in arrears.

(iii) The Ordinary Resolution 7 in item 7 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 and subsidiary holdings) 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 and subsidiary holdings) will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time Ordinary Resolution 7 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 7 is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(iv) The Ordinary Resolution 8 in item 8 above, if passed, will empower the Directors of the Company to issue Shares up to an amount in aggregate not exceeding fifteen per centum (15%) of the issued share capital (excluding treasury shares and subsidiary holdings) of the Company pursuant to the Share Option Scheme, 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 7.

NOTICE OF ANNUAL GENERAL MEETING

(v) The Ordinary Resolution 9 in item 9 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 grant awards under the Performance Share Plan in accordance with the provisions of the Performance Share Plan and to allot and issue from time to time such number of fully-paid Shares as may be required to be issued pursuant to the vesting of the awards under the Performance Share Plan subject to the maximum number of Shares prescribed under the terms and conditions of the Performance Share Plan.

The aggregate number of Shares which may be allotted and issued pursuant to the Performance Share Plan and under any other share incentive scheme or share plan adopted by the Company for the time being in force, is limited to fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company on the day preceding the date of grant of the option and/or award. This authority is in addition to the general authority to issue Shares sought under Ordinary Resolution 7.

(vi) The Ordinary Resolution 10 in item 10 above, if passed, will empower the Directors of the Company, effective period commencing from the date on which the ordinary resolution in relation to the proposed renewal of the Share Buyback Mandate is passed in a general meeting and expiring on the earliest of the date on which the next Annual General Meeting is held or is required by law to be held, the date the said mandate is revoked or varied by the Company in a general meeting, or the date on which the purchases of shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to ten per cent (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the Maximum Price as defined in this Notice of Annual General Meeting.

The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Buyback Mandate on the audited consolidated financial statements of the Group for the financial year ended 31 December 2017 are set out in greater detail in the Addendum to the Annual Report.

Notes:

1. (a) A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the annual general meeting ("Meeting") of the Company.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the annual general meeting of the Company, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.

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

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

3. The instrument appointing a proxy or proxies must be deposited at the Company's Share Registrar and Share Transfer office at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time appointed for holding the AGM of the Company.

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

(Please see notes overleaf before completing this Form)

IMPORTANT

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF/SRS monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and/or SRS Operators.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.

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 Arthur Lim Auditorium, Level 2, Alumni Medical Centre, 2 College Road, Singapore 169850 on Wednesday, 25 April 2018 at 3.30 p.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' Statement and Audited Financial Statements for the financial year ended 31 December 2017.		
2	Declaration of a final dividend (one tier tax exempt) of 0.7 Singapore cents per ordinary share for the financial year ended 31 December 2017.		
3	Re-election of Dr Wong Jun Shyan as a Director of the Company.		
4	Re-election of Mr Sitoh Yih Pin as a Director of the Company.		
5	Approval of Directors' fees amounting to S$170,000 for the financial year ending 31 December 2018, payable quarterly in arrears.		
6	Re-appointment of Ernst & Young LLP as Independent Auditors of the Company.		
7	Authority to allot and issue new shares.		
8	Authority to allot and issue shares under the ISEC Healthcare Share Option Scheme.		
9	Authority to allot and issue shares under the ISEC Healthcare Performance Share Plan.		
10	Renewal of the Share Buyback Mandate.		

Dated this ______ day of ________________ 2018

Total Number of Shares Held	
CDP Register	
Register of Members	

____
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

* *Delete accordingly*

IMPORTANT: PLEASE READ NOTES ON THE REVERSE

Notes:–

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.
   "Relevant intermediary" means:
   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
6. The instrument appointing a proxy or proxies must be deposited at the Company's Share Registrar and Share Transfer office at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for the Meeting.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
8. 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 Constitution and Section 179 of the Companies Act, Chapter 50 of Singapore.

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 10 April 2018.

General:

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

AFFIX
STAMP

The Company Secretary

ISEC HEALTHCARE LTD.

50 Raffles Place,
#32-01, Singapore
Land Tower,
Singapore 048623

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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
Leong Chee Meng Kenneth

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

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

INDEPENDENT AUDITORS
Ernst & Young LLP
Public Accountants and Chartered Accountants
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner-in-charge: Tan Peck Yen
(Appointed since financial year ended 31 December 2016)

INVESTOR RELATIONS
ir@isechealthcare.com

WEBSITE
http://www.isechealthcare.com

HEALTHCARE

ISEC HEALTHCARE LTD.

(Company Registration No.: 201400185H)
(Incorporated in the Republic of Singapore)

101 Thomson Road
#09-04 United Square
Singapore 307591
www.isechealthcare.com