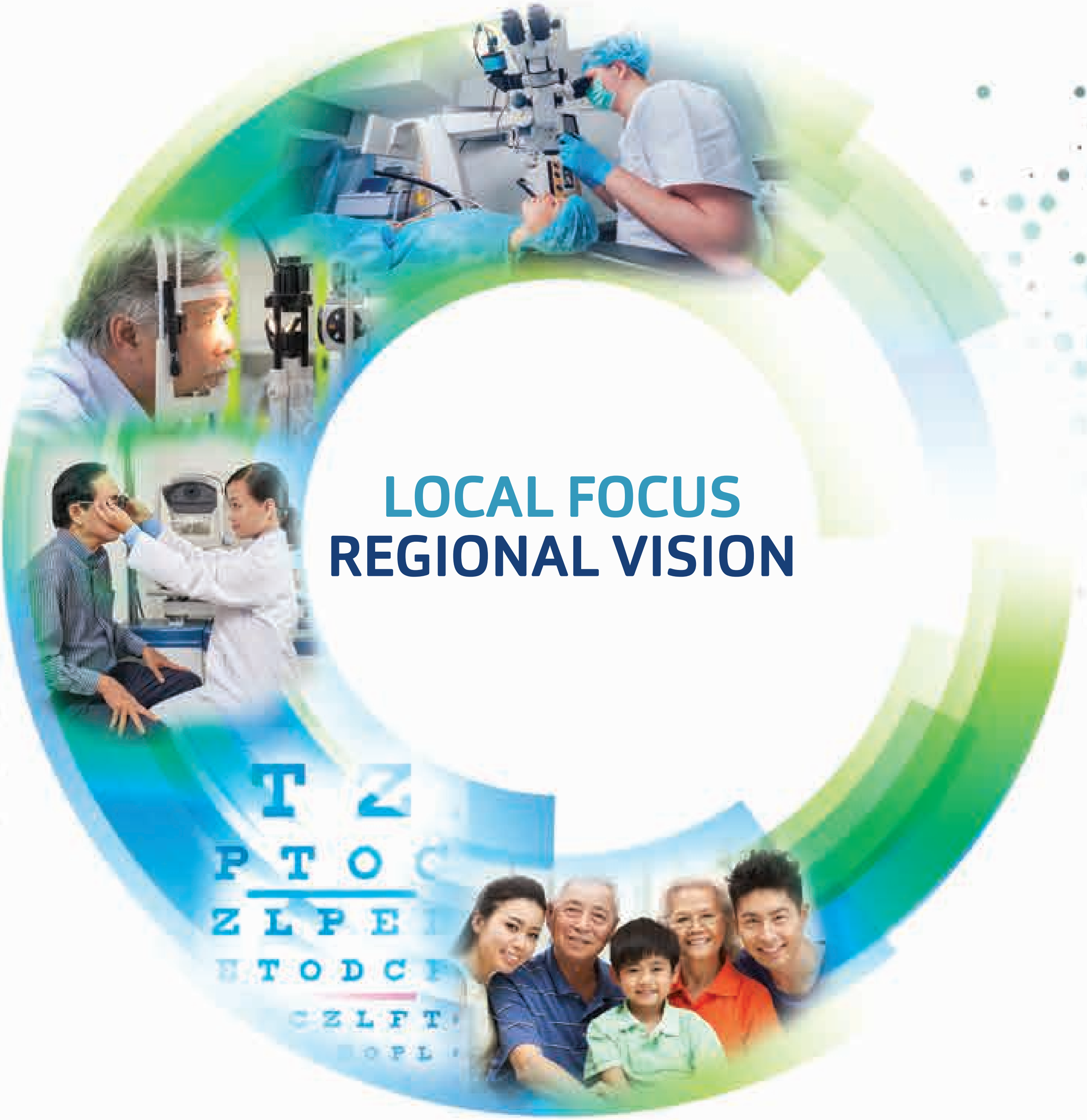
ISEC™ HEALTHCARE



LOCAL FOCUS REGIONAL VISION

2018 ANNUAL REPORT

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 more than 10 years of 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.

The Group further expanded this business segment in 2018 with the acquisition of a 25% stake in I Medical & Aesthetics Pte Ltd., increasing its portfolio of general practitioner clinics from 4 to 5.

In 2018, the Group also expanded into a new market with the incorporation of ISEC Myanmar Company Limited to operate and administer ophthalmology centres and provide medical consultations and services in Myanmar.

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.

CONTENTS

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship. (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and Email: sponsorship@ppcf.com.sg)

ISEC BY THE NUMBERS

For the financial year ended 31 December 2018

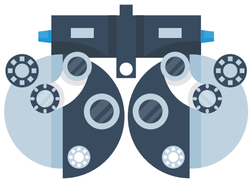
NO. OF EYE CARE CENTRES

4
MALAYSIA

1 (1)
SINGAPORE

NO. OF OPHTHALMOLOGISTS

24



NO. OF ANESTHESIOLOGISTS

2

NO. OF PATIENTS VISITS

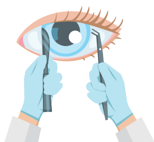
112,500
SPECIALISED HEALTH SERVICES

76,500
GENERAL HEALTH SERVICES

NO. OF PROCEDURES PERFORMED

17,500
SPECIALISED HEALTH SERVICES

520
GENERAL HEALTH SERVICES



NO. OF PROCEDURES PERFORMED (2) UNDER

590
GENERAL ANAESTHESIA

486
SEDATION

80
MONITORED LOCAL ANAESTHESIA

CONFERENCES ATTENDED BY ISEC SPECIALIST DOCTORS/ GENERAL PRACTITIONERS

91

CONFERENCES WHERE ISEC SPECIALIST DOCTORS WERE INVITED AS SPEAKERS

48

TEACHING ACTIVITIES, CLINICAL ATTACHMENTS AND OBSERVERSHIPS IN ISEC

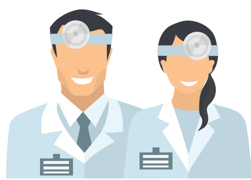
273

NO. OF GENERAL PRACTITIONER CLINICS IN SINGAPORE (3)

5

NO. OF GENERAL PRACTITIONERS (4)

6



(1) Lee Hung Ming Eye Centre in Gleneagles Hospital, Singapore
(2) Procedures performed in medical eye care centres in Malaysia
(3) Comprises 4 clinics from JLM Companies and 1 clinic from associate company – I Medical & Aesthetics Pte. Ltd.
(4) Comprises 4 general practitioners from JLM Companies and 2 general practitioners from associate company – I Medical & Aesthetics Pte. Ltd.

MESSAGE TO SHAREHOLDERS

The Group intends to continue pursuing investment opportunities to strengthen our presence in our existing markets and to explore new markets.

DEAR SHAREHOLDERS

Our business was first established in Kuala Lumpur, Malaysia in 2007 and we celebrated our 10th anniversary in 2017. 2018 marked the beginning of a new decade for us and ISEC Healthcare Ltd. ("**ISEC**", and together with its subsidiaries, the "**Group**") and we are pleased to have started it with growth in both our top and bottom lines for the 12 months ended 31 December 2018 ("**FY2018**").

During the year, we continued to focus on serving our existing markets while keeping an eye out for regional expansion especially in populous countries that would enable us to tap into a larger pool of patients.

PERFORMANCE REVIEW

In FY2018, the Group's revenue grew 9% to S$40.4 million from S$37.0 million in the preceding period ("**FY2017**"). Net profit also increased 10% over the same period to S$8.7 million.

The increase in revenue stemmed from increased patients visits to our clinics for specialised eye care services in Malaysia and Singapore and I believe that this is testament of the quality of care that we provide to patients who come to us to help them with their eye health.

With larger operations in Malaysia, our operations there continued to contribute the bulk of our revenue at 77% of total revenue, while Singapore delivered healthy results mainly from an increase in business activities in specialised health services.

As the Group's Malaysia operations contribute more than half of the Group's total revenue, the revenue from Malaysia operations translated to Singapore Dollar will be impacted by foreign exchange movements as the presentation currency of the Group is in Singapore Dollar. We will continue to monitor the impact of the movement of the Malaysian Ringgit on the Singapore Dollar.

DIVIDEND

To mark a positive start to our new decade, our Board of Directors has proposed a final dividend of 0.78 Singapore cents per share as well as a special dividend of 0.98 Singapore cents per share, which together with the interim dividend[1] of 0.78 Singapore cents per share, brings total dividend to 2.54 Singapore cents per share for FY2018. The final and special dividend is subject to shareholders' approval at the upcoming annual general meeting on 24 April 2019.

The Group is committed to share our earnings with shareholders in good years, while bearing in mind our working capital needs.

MESSAGE TO SHAREHOLDERS

OUTLOOK

Looking ahead, we believe the region's ageing population as well as increasing awareness about the benefits of seeking early treatment for ophthalmology issues will continue to drive demand for the specialised services that we provide.

Not only is government spending on healthcare services increasing across the region in line with changes in demographics[2], we also continue to see more individual spending on private eye-care services at our clinics because patients have better private insurance coverage.

To leverage these trends, the Group intends to continue pursuing investment opportunities to strengthen our presence in our existing markets and to explore new markets such as China, Indonesia, Myanmar and Vietnam.

In August 2018, ISEC took a step in this direction when we announced the incorporation of ISEC Myanmar Company Limited ("**ISEC Myanmar**"). ISEC Myanmar will operate and administer ophthalmology centres and provide medical consultations and services in Myanmar. Barring any unforeseen circumstances, ISEC Myanmar is expected to commence operations in the second quarter of 2019.

Also in August 2018, the Group expanded its general medical services and aesthetic treatment services arm when its 100% owned subsidiary JL Medical (Bukit Batok) Pte. Ltd. acquired a 25% stake in I Medical & Aesthetics Pte. Ltd. ("**I Medical & Aesthetics**"). This investment is expected to bring new business opportunities in the field of general medical consultations and aesthetics services in Singapore. In addition to diversifying the Group's revenue stream, we envisage that this investment also offers the possibility of synergistic partnerships and cross-selling with the Group's existing business of specialist medical eye care services.

We look forward to full-year revenue contribution from I Medical & Aesthetics as well as the commencement of our Myanmar operations in the current financial year ending 31 December 2019.

To support our expansion strategy, the Group will continue to widen and deepen our talent pool because our business requires personal touch where our level of care, service and professionalism has a direct relation to whether or not patients come back to us or refer others to us.

At the same time, we will ensure that we stay at the forefront of the ophthalmology services industry by driving innovation and adopting cutting-edge procedures and technology. Our doctors also continue to contribute to community education by participating in seminars in their respective regions.

With our local focus and regional vision, I believe that we are well positioned for the future.

APPRECIATION

On behalf of the Group, I would like to thank the many stakeholders who have made it possible for ISEC to grow from strength-to-strength over the years.

I want to thank our patients who have continued to put their trust in our ability to provide good care and solutions for their eye health. We hope to serve you and your families for many generations to come.

I would also like to thank our vendors, associates and business partners for your ongoing support, and our specialist doctors, clinical staff and management team for your dedication to your work and to patient care.

I am grateful to my fellow Directors on the Board, for your commitment towards best practices in corporate governance and for contributing your invaluable experience to guide the Group.

Lastly, I want to thank shareholders for your continued support. We look forward to writing the next chapter with you as this second decade unfolds.

SITOH YIH PIN
Non-Executive Chairman and Independent Director

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1 The interim dividend of 0.78 Singapore cents per share was declared for the 3 months ended 30 June 2018 and paid on 28 August 2018.

2 ASEAN's total healthcare spending to accelerate to $740b by 2025 by Healthcare Asia Magazine, 20 April 2018 (https://healthcareasiamagazine.com/healthcare/news/aseans-total-healthcare-spending-accelerate-740b-2025)

FINANCIAL REVIEW

REVENUE

S$40.4m
FY2018

PROFIT TO SHAREHOLDERS

S$8.4m
FY2018

INCOME STATEMENT

In FY2018, the Group's revenue grew 9% to S$40.4 million, on the back of higher patient visits from the Group's specialised eye care services in Malaysia and Singapore.

In tandem with revenue growth, gross profit for the year also saw an 11% increase to S$19.5 million, while gross profit margin edged up 0.8 percentage point to 48.1%.

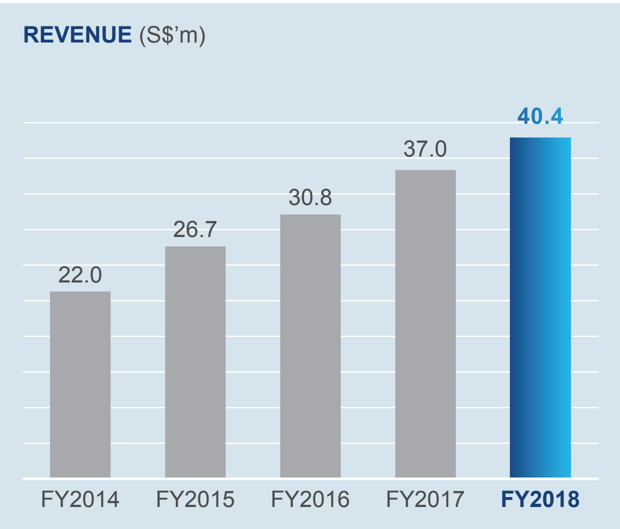
Operationally, the Group's administrative expenses increased 11% to S$8.2 million in FY2018 from S$7.4 million in FY2017, largely due to higher staff-related costs from the Group's operations in Malaysia and headquarters in Singapore, as well as other operating expenses driven by increased business activities of the Group. Other expenses increased 17% to S$0.7 million in FY2018, arising from foreign exchange loss of S$54,000 and a write-off of plant and equipment of S$38,000 that was recognised in FY2018.

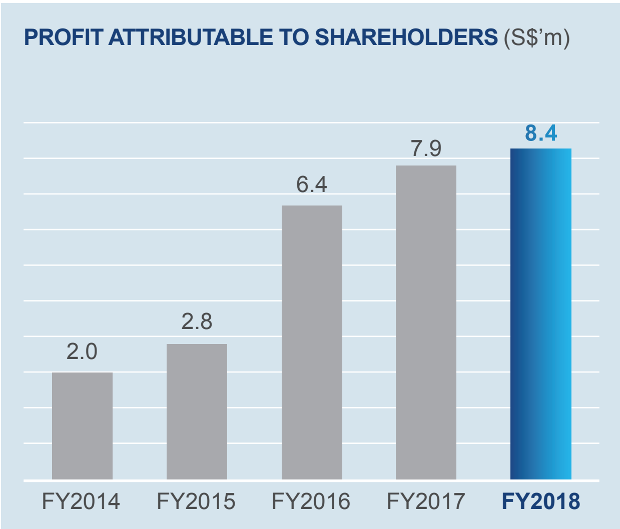
As a result of the above-mentioned, the Group achieved a healthy net profit of S$8.7 million, a 10% increase from S$7.9 million in FY2017.

BALANCE SHEET

The Group's balance sheet remained healthy, with zero debt and cash and cash equivalents increasing to S$27.1 million as at 31 December 2018 from S$24.8 million as at 31 December 2017.

Total assets expanded 3% to S$73.6 million as at 31 December 2018 from S$71.6 million as at 31 December 2017. Non-current assets declined S$0.5 million to S$42.1 million, mainly attributable to a decrease in intangible assets due to amortisation expense





Note:

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.

FINANCIAL REVIEW

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$0.2 million decline in plant and equipment due to depreciation expenses amounting to S$1.0 million, offset by plant and equipment addition of S$0.8 million.

Current assets rose by S$2.5 million to S$31.4 million, mainly attributable to the increase in cash and cash equivalents and trade and other receivables as a result of revenue growth.

The Group's total liabilities increased to S$6.0 million as at 31 December 2018 from S$5.2 million as at 31 December 2017. This was mainly attributable to current liabilities increasing by S$0.9 million to S$5.2 million following an increase in trade and other payables of S$0.7 million due to higher purchases in line with increased business activities, as well as increased current income tax provision as a result of increased operating profits of the Group.

CASH FLOW STATEMENT

In FY2018, the Group generated a 27% increase in net cash from operating activities of S$10.5 million compared to S$8.3 million in FY2017. This comprised operating cash flows before working capital changes of S$12.4 million and changes in net working capital inflow of S$0.4 million, less income tax paid of S$2.3 million.

Net cash used in investing activities amounted to S$0.7 million in FY2018, largely for the subscription of a 25% shareholding in I Medical & Aesthetics Pte. Ltd. at S$250,000 in August 2018 and for the purchase of fixed assets amounting to S$0.9 million. The outflow was partially offset by S$0.4 million of interest income received.

The S$7.5 million net cash used in financing activities was largely for dividend payment of S$7.7 million. This was offset by additional capital injection of S$151,000 and S$19,000 from the non-controlling interests in the Company's 55%-owned indirect subsidiary, ISEC (Sibu) Sdn. Bhd. and 51%-owned indirect subsidiary, ISEC Myanmar Company Limited, respectively.

BOARD OF DIRECTORS

MR SITOH YIH PIN, 55

NON-EXECUTIVE CHAIRMAN AND INDEPENDENT DIRECTOR

Mr Sitoh Yih Pin was appointed to our Board as our Non-Executive Chairman and Independent Director on 29 September 2014 and was last re-elected on 25 April 2018. 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.

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, 55

EXECUTIVE VICE CHAIRMAN

Dr Lee Hung Ming, whom is currently residing in Singapore, was appointed on 2 January 2014 as our Executive Vice Chairman 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 since 2007. 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. As the Executive Vice Chairman of ISEC Healthcare Ltd, Dr Lee oversees the Group's Singapore operations as well as spearheading overseas mergers and acquisitions.

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 Lee is the spouse of Dr Lee Yeng Fen, a substantial shareholder of ISEC Healthcare Limited. Dr Lee does not have any conflict of interest with the Company.

Dr Lee has submitted undertaking (in the form set out in Appendix 7H) under Rule 720(1) of the Catalist Rules to the Company.

In the last 5 years, Dr Lee was a Director for Edinburgh Property Pte. Ltd..

At present, besides being a Director and Executive Vice Chairman of ISEC Healthcare Ltd., Dr Lee also holds directorships in the following companies:

Group Companies
JL Medical (Bukit Batok) Pte. Ltd.
JL Medical (Sembawang) Pte. Ltd.
JL Medical (Woodlands) Pte. Ltd.
JL Medical (Yew Tee) Pte. Ltd.
International Specialist Eye Centre Pte. Ltd.
ISEC Global Pte. Ltd.
ISEC Eye Pte. Ltd.
ISEC Sdn. Bhd.

Other Companies
Edinburgh International Pte. Ltd.
Glasgow Capital Pte. Ltd.
Oxford Capital Pte. Ltd.
Toronto Capital Pte. Ltd.
Vancouver Capital Pte. Ltd.

BOARD OF DIRECTORS

DR WONG JUN SHYAN, 53
EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

Dr Wong Jun Shyan was appointed on 2 January 2014 as our Executive Director and Chief Executive Officer and was last re-elected on 25 April 2018. 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 Boards 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, 64
INDEPENDENT DIRECTOR

Professor Low Teck Seng was appointed to our Board as our Independent Director 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. He is also an Independent Director of Key ASIC Berhad and UCrest Berhad. 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, 52
INDEPENDENT DIRECTOR

Mr Lim Wee Hann, whom is currently residing in Singapore, was appointed to our Board as our Independent Director 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 was a partner of Kamilah & Chong (Malaysia) from January to July 2013.

Mr Lim has over 28 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 has no relationship with any existing director, executive officer and substantial shareholder of ISEC Healthcare Ltd. Mr Lim does not have any conflict of interest with the Company.

Mr Lim has submitted undertaking (in the form set out in Appendix 7H) under Rule 720(1) of the Catalist Rules to the Company.

Mr Lim currently also sits on the Board of A. Menarini Asia-Pacific Holdings Pte. Ltd., part of Menarini group, a leading Italian pharmaceutical 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.

The past and present directorships of Mr Lim as follow:

Other Companies (for the last five years)
Johnson Controls-Hitachi Air Conditioning Supply Singapore Pte. Ltd.
City Facilities Management Holdings (SGP) Pte. Ltd.
City Facilities Management (SGP) Pte. Ltd.

Other Companies (present)
A. Menarini Asia-Pacific Holdings Pte. Ltd.
R&T Vietnam LLC

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 (APAO) and is the Chair for the Young Ophthalmologist Standing Committee of the APAO. Dr Fang is also the Editorial Board member of the International Glaucoma Review, Asia-Pacific Journal of Ophthalmology, Ocular Surgery News, Asia-Pacific Edition, Asian Journal of Ophthalmology, Eye SEA Journal and EyeWorld Asia Pacific.

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, 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. He has received Distinguished service award from APAO in 2007, the Asian Angle Closure Glaucoma Club in 2012, MSO in 2017 and Asian Economic Community Ophthalmology Meeting in 2018, and Achievement award from the APAO in 2016.

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.

EXECUTIVE OFFICERS

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 a healthcare company, there are many practical ways for ISEC Healthcare to give back to the community and the environment we operate in.

As ISEC Healthcare advances to become one of the established providers of medical eye care services in the region, we are keeping abreast with how the Group's business practices may impact the environment and the community.

COMMITMENT TO PATIENTS

All our doctors and healthcare professionals participate actively in community events as part of our commitment to corporate social responsibility. They volunteer their expertise at these events by giving treatments to the needy with eye-related ailments as well as conduct talks and conferences to educate the public about proper eye care. It is our hope that through such talks, patients can recognise symptoms and seek treatment early.

In addition, 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 attend courses to upgrade their skills.

ISEC Healthcare 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 (if any), manage research and training of medical staff, as well as monitor medical outcome and audit programmes.

In 2018, ISEC Malaysia was named "Ophthalmology Service Provider of the Year" for the second year running at the Global Health and Travel Awards, which recognises companies who have pushed boundaries of delighting their customers at every stage and in every interaction.

SUSTAINABILITY REPORTING

In May 2018, ISEC Healthcare published our inaugural Sustainability Report which was prepared in accordance with the Global Reporting Initiative ("GRI") Standards – "Core" reporting requirements. The detailed report, which covered Environmental, Social and Governance ("ESG") matters that are of particular importance to our business, is available on SGXNET and our corporate website at https://isechealthcare.com/sustainability-report.

Specifically, the reporting scope covers ISEC KL's performance in these matters for the period from 1 January 2017 to 31 December 2017 and the areas of focus identified by the Group include stakeholder engagement, materiality assessment, corporate governance, developing a high-performing workforce, providing world-class service to patients and caring for the environment. Please refer to the published report for more details. We expect to release our second Sustainability Report in May 2019.

ISEC Healthcare is taking progressive steps to improve its data collection systems and expand the scope of its Sustainability Report to include other clinics as our reporting matures.

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 2018 ("**FY2018**"), 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 FY2018, 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

Principle 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 strategy formulation including sustainability and environmental issues as part of its strategy 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;

REPORT ON CORPORATE GOVERNANCE

- Audited financial statements if deemed satisfactory and are true and fair after review; and

- Composition of the Medical Board.

The Board conducts scheduled meetings on a quarterly basis. Additional meetings are convened as and when circumstances warrant. The 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 FY2018 is disclosed below:

	Board	**AC**	**NC**	**RC**
Number of meetings held in FY2018	6	4	1	1
Name of Director	**Number of meetings attended in FY2018**			
Sitoh Yih Pin	6	4	1	1
Dr Lee Hung Ming	6	–	–	–
Dr Wong Jun Shyan	5	–	–	–
Professor Low Teck Seng	6	4	1	1
Lim Wee Hann	6	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 requisite training as prescribed by the SGX-ST under Rule 406(3)(a) and Practice Note 4D of the Catalist Rules within one year from the date of appointment for any newly appointed directors who do not possess any prior experience as a director of a Singapore public listed company. There were no new directors appointed in FY2018.

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 2018, 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	Non-Executive Chairman and Independent Director	29 September 2014	25 April 2018	Chairman	Member	Member
Dr Lee Hung Ming(1)	Executive Vice Chairman	2 January 2014	26 April 2017	–	–	–
Dr Wong Jun Shyan	Executive Director and Chief Executive Officer	2 January 2014	25 April 2018	–	–	–
Professor Low Teck Seng	Independent Director	26 September 2014	26 April 2017	Member	Chairman	Member
Lim Wee Hann(2)	Independent Director	29 September 2014	28 April 2016	Member	Member	Chairman

Notes:

(1) Dr Lee Hung Ming 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 24 April 2019.

(2) Mr Lim Wee Hann 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 24 April 2019.

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.

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 are no Independent Directors who would be deemed not to be independent due to existence of a relationship as stated in the Code, while the Company still deems the Director to be independent.

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

For FY2018, 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 FY2018, the Independent Directors have met 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.

Principle 3 – Chairman and Chief Executive Officer

The roles of the Chairman and Chief Executive Officer (the "**CEO**") in the Company are separated. 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 to each other nor of the same immediate family.

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

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

REPORT ON CORPORATE GOVERNANCE

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.

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. All Directors must also submit themselves for re-nomination and re-election at least once every three years under Catalist Rule 720(4). 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.
Dr Lee Hung Ming	Executive Vice Chairman	114
Mr Lim Wee Hann	Independent Director	114

The NC had reviewed and recommended that Dr Lee Hung Ming, 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 Lee Hung Ming will remain as the Executive Vice Chairman.

REPORT ON CORPORATE GOVERNANCE

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

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

Save for the information disclosed under the "Board of Directors" section and Principle 2 of this Report on Corporate Governance of the 2018 Annual Report, there is no change in the information previously disclosed for both Dr Lee Hung Ming and Mr Lim Wee Hann in the Company's offer document dated 14 October 2014.

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.

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 FY2018 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 FY2018, 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

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(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. One NC meeting was held in FY2018.

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 2019 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.

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 FY2018. 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.

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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

(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 2019 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.

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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 FY2018, 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 FY2018, 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 the top 5 Key Management Personnel.

Principle 9 – Disclosure on Remuneration

The breakdown (in percentage terms) of the remuneration of Directors of the Company for FY2018 is set out below:

Remuneration and Name of Director	Salary and Allowance[1] (%)	Fixed Bonus[1] (%)	Variable Bonus[1] (%)	Directors' 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	94	0	6	0	100

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The breakdown (in percentage terms) of the remuneration of the top 5 Key Management Personnel of the Group for FY2018 is set out below:

Remuneration and Name of Key Management Personnel	Designation	Salary and Allowance[1] (%)	Variable Bonus[1] (%)	Consultancy Fees (%)	Directors' Fees[3] (%)	Total (%)
From S$250,001 to S$500,000						
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	90	10	0	0	100
Dr Alan Ang Jin Soon	Penang Centre Director	46	54	0	0	100
From S$750,001 to S$1,000,000						
Dr Robert Yeo Kim Chuan	Malacca Centre Director	52	45	3	0	100
Dr Choong Yee Fong	Kuala Lumpur Centre Director	92	7	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 Directors' fees were approved in the previous Annual General Meeting ("AGM") held on 25 April 2018.*
3. *Dr Choong Yee Fong ("Dr Choong") is a director of the Company's subsidiary, ISEC Sdn. Bhd. ("ISEC KL"). There are directors' fees payable to Dr Choong from ISEC KL for FY2018.The directors' fees payable to Dr Choong are not part of the directors' fees subject to shareholders' approval at the forthcoming AGM of the Company.*

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 top 5 Key Management Personnel was S$3,408,000 in FY2018.

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 FY2018. 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 FY2018.

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 FY2018. 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 FY2018.

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**").

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CORPORATE GOVERNANCE

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 instill 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 shareholders 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 its adoption.

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.

REPORT ON CORPORATE GOVERNANCE

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 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.

REPORT ON CORPORATE GOVERNANCE

Pursuant to Rule 851 of the Catalist Rules, in FY2018, 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.

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 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 CEO 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 FY2018, 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.

REPORT ON CORPORATE GOVERNANCE

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 for FY2018 in addressing financial, operational, compliance and information technology risks.

Principle 12 – Audit Committee ("AC")

The terms of reference of the AC include the following:

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

(b) reviewing significant financial reporting issues and judgements 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.

REPORT ON CORPORATE GOVERNANCE

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.

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 FY2018 to, *inter-alia*, answer or clarify any matter on accounting, audit or internal controls relevant to the audit.

The aggregate amount of expense paid or payable to Ernst & Young LLP ("**EY**") for FY2018 is as disclosed in Note 20 to the financial statements.

The AC has reviewed the non-audit services which amounted to 48.8% 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 48.8%, 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 24 April 2019.

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. No whistle-blowing reports were received in FY2018. Should there be any whistle-blowing cases reported, such cases would be handled in accordance with the Company's whistle blowing policy.

For FY2018, 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 FY2018, 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 FY2018, the Group had outsourced its internal audit function to Crowe Horwath Governance Sdn Bhd ("**Crowe Malaysia**") and Crowe Horwath First Trust Risk Advisory Pte Ltd ("**Crowe Singapore**"), (collectively, the "**IA**" or "**Crowe**"), which reports directly to the AC. The IA has an administrative reporting function to Management where planning, coordinating, 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 independence, 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 independent, given the IA reports functionally to the AC, who also decides on its appointment, termination and remuneration. The IA also has unrestricted access to the records, personnel and documents within the Company to enable it to discharge its duties effectively.

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

- is adequately resourced as Crowe ensures that the engagement staff possess the relevant qualification and experience to conduct the internal audits; 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;

- presentation slides accompanying quarterly results announcement; and

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

REPORT ON CORPORATE GOVERNANCE

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 FY2018 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 FY2018.

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$0.0078 per ordinary share and a special tax-exempt (one-tier) dividend of S$0.0098 per ordinary share for FY2018 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$0.0078 per ordinary share for the 3 months ended 30 June 2018.

(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 FY2018. 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	(13,178)[1]	922
General working capital	2,500	–	(2,500)[2]	–
Total	16,300	300	(15,678)	922

(1) Utilised for the acquisition of Southern Specialist Eye Centre Sdn. Bhd. ("**SSEC**") and JL Medical (Bukit Batok) Pte. Ltd., JL Medical (Sembawang) Pte. Ltd., JL Medical (Woodlands) Pte. Ltd. and JL Medical (Yew Tee) Pte. Ltd. (collectively, "**JLM Companies**"), joint venture into ISEC Myanmar Company Limited ("**ISEC Myanmar**") and subscription of shares in I Medical & Aesthetics Pte. Ltd. ("**I Medical & Aesthetics**"):

	Acquisition of SSEC (S$'000)	Acquisition of the JLM Companies (S$'000)	Joint venture into ISEC Myanmar (S$'000)	Subscription of shares in I Medical & Aesthetics (S$'000)	Total (S$'000)
Cash consideration	5,204	6,971	277	250	12,702
Administrative expenses	122	268	85	1	476
Total	5,326	7,239	362	251	13,178

(2) Utilised for general working capital:

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

REPORT ON CORPORATE GOVERNANCE

(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 FY2018 or if not then subsisting, entered into since the end of the previous financial year.

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

For FY2018, non-sponsor fees of S$7,000 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 (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2018.

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 2018 and 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 AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50 (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	27,952,705	28,024,605	15,000,000	15,000,000

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2019.

DIRECTORS' STATEMENT

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

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 subsidiaries 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 awards 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 FY2018, 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 FY2018.

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.

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 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ISEC HEALTHCARE LTD.
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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 2018, 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 Singapore Financial Reporting Standards (International) (SFRS(I)) 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 2018 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 below, 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 2018, 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[(1)].

The Company has cost of investment in subsidiaries amounting to $48.4 million as at 31 December 2018.

Management prepares value-in-use computation using a discounted cash flow model to determine the recoverable value of each CGU during their annual impairment review exercise. For cost of investment in subsidiaries, management assesses whether any indicators of impairment, such as a decline in cash flows or operating profit flowing from the asset, are present. Any shortfall between the recoverable value and the carrying amounts of these assets will be recognised as impairment loss.

(1) Denotes JL Medical (Bukit Batok) Pte. Ltd., JL Medical (Sembawang) Pte. Ltd., JL Medical (Woodlands) Pte. Ltd. and JL Medical (Yew Tee) Pte. Ltd. (collectively, "JLM Companies").

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ISEC HEALTHCARE LTD.
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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 the cash flow forecasts of the respective CGU using a number of significant operational and predictive assumptions such as forecasted revenue, profit margin, terminal growth rate 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 a key audit matter.

Our audit procedures included, amongst others, assessing the appropriateness of management's assumptions applied in the discounted cash flow model based on our knowledge of the CGUs' operations and performance, and this included obtaining an understanding of management's planned strategies on revenue growth and cost initiatives. Robustness of management's budgetary exercise was assessed by reviewing the actual results to the forecasts prepared in previous year for each CGU and management's sensitivity analysis of the recoverable amounts to changes in the respective key assumptions. We have engaged our internal valuation specialists to assist us in reviewing the discount rates and terminal growth rates used in the discounted cash flow model. In addition, we have assessed the adequacy of the disclosures in the financial statements in Notes 5 and 6 of 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 SFRS(I), 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.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ISEC HEALTHCARE LTD.
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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 2018

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 2019

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	Group			Company		
		31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
ASSETS							
Non-current assets							
Plant and equipment	4	**3,735**	3,894	3,967	**53**	86	117
Intangible assets	5	**38,182**	38,766	39,111	**1**	3	6
Investment in subsidiaries	6	**–**	–	–	**48,386**	48,386	48,386
Investment in associate	7	**220**	–	–	**–**	–	–
Deferred tax assets	8	**–**	11	30	**–**	–	–
		42,137	42,671	43,108	**48,440**	48,475	48,509
Current assets							
Inventories	9	**1,115**	1,177	1,218	**–**	–	–
Trade and other receivables	10	**2,984**	2,505	2,171	**13,159**	4,171	4,718
Prepayments		**190**	202	176	**14**	16	14
Tax receivable		**43**	223	103	**–**	–	–
Cash and cash equivalents	11	**27,105**	24,824	20,376	**7,943**	11,048	8,266
		31,437	28,931	24,044	**21,116**	15,235	12,998
Total assets		**73,574**	71,602	67,152	**69,556**	63,710	61,507
EQUITY AND LIABILITIES							
Equity							
Share capital	12	**59,673**	59,673	59,673	**59,673**	59,673	59,673
Other reserves	13	**(3,012)**	(3,039)	(3,572)	**–**	–	–
Retained earnings		**10,196**	9,442	4,689	**9,512**	3,763	1,501
Equity attributable to owners of the Company		**66,857**	66,076	60,790	**69,185**	63,436	61,174
Non-controlling interests		**745**	309	(31)	**–**	–	–
Total equity		**67,602**	66,385	60,759	**69,185**	63,436	61,174
Liabilities							
Non-current liabilities							
Provisions	14	**224**	208	198	**20**	20	19
Deferred tax liabilities	8	**564**	684	761	**–**	–	–
		788	892	959	**20**	20	19
Current liabilities							
Trade and other payables	15	**4,184**	3,475	4,919	**320**	234	313
Current income tax payable		**1,000**	850	515	**31**	20	1
		5,184	4,325	5,434	**351**	254	314
Total liabilities		**5,972**	5,217	6,393	**371**	274	333
Total equity and liabilities		**73,574**	71,602	67,152	**69,556**	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 2018

	Note	2018 $'000	2017 $'000
Revenue	16	**40,444**	36,976
Cost of sales		**(20,980)**	(19,486)
Gross profit		**19,464**	17,490
Other item of income			
Other income	17	**608**	597
Other items of expense			
Selling and distribution expenses		**(22)**	(53)
Administrative expenses		**(8,168)**	(7,387)
Other expenses	18	**(655)**	(561)
Finance costs	19	**(4)**	(7)
Share of results of associate		**(30)**	–
Profit before income tax	20	**11,193**	10,079
Income tax expense	21	**(2,516)**	(2,194)
Profit for the year		**8,677**	7,885
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation of subsidiaries		**23**	512
Other comprehensive income for the year, net of tax		**23**	512
Total comprehensive income for the year		**8,700**	8,397
Profit for the year attributable to:			
Owners of the Company		**8,407**	7,907
Non-controlling interests		**270**	(22)
		8,677	7,885
Total comprehensive income attributable to:			
Owners of the Company		**8,434**	8,409
Non-controlling interests		**266**	(12)
		8,700	8,397
Earnings per share			
– basic (in cents)	22	**1.63**	1.53
– diluted (in cents)	22	**1.63**	1.53

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 2018

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 2018									
As previously reported		59,673	(1,233)	(3,572)	31	11,177	66,076	309	66,385
Cumulative effects of adopting SFRS(I)		–	1,735	–	–	(1,735)	–	–	–
As restated		59,673	502	(3,572)	31	9,442	66,076	309	66,385
Profit for the year		–	–	–	–	8,407	8,407	270	8,677
Other comprehensive income									
Foreign currency translation		–	27	–	–	–	27	(4)	23
Total comprehensive income for the year		–	27	–	–	8,407	8,434	266	8,700
Contributions by and distributions to owners of the Company									
Dividends	23	–	–	–	–	(7,653)	(7,653)	–	(7,653)
Total transactions with owners of the Company		–	–	–	–	(7,653)	(7,653)	–	(7,653)
Transactions with non-controlling interests									
Subscription of shares in subsidiaries by non-controlling interests[(1)]		–	–	–	–	–	–	170	170
Total transactions with non-controlling interests		–	–	–	–	–	–	170	170
At 31 December 2018		59,673	529	(3,572)	31	10,196	66,857	745	67,602

(1) In March 2018, ISEC (Sibu) Sdn. Bhd. 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.

In August 2018, the Company, through its wholly-owned subsidiary, ISEC Global Pte. Ltd. ("ISEC Global"), has incorporated ISEC Myanmar Company Limited ("ISEC Myanmar"), and 51% of the total shareholding is held by ISEC Global. The initial issued and paid-up share capital of ISEC Myanmar was S$39,000 (equivalent to US$28,500).

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 2018

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									
As previously reported		59,673	(1,735)	(3,572)	–	6,424	60,790	(31)	60,759
Cumulative effects of adopting SFRS(I)		–	1,735	–	–	(1,735)	–	–	–
As restated		59,673	–	(3,572)	–	4,689	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	23	–	–	–	–	(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(2)		–	–	–	–	–	–	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	502	(3,572)	31	9,442	66,076	309	66,385

(2) 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.

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Share capital $'000	Retained earnings $'000	Total equity $'000
Company				
2018				
At 1 January 2018		**59,673**	**3,763**	**63,436**
Profit for the year, representing total comprehensive income for the year		**–**	**13,402**	**13,402**
Contributions by and distributions to owners of the Company				
Dividends	23	**–**	**(7,653)**	**(7,653)**
Total transactions with owners of the Company		**–**	**(7,653)**	**(7,653)**
At 31 December 2018		**59,673**	**9,512**	**69,185**
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	23	–	(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

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 2018

	Note	2018 $'000	2017 $'000
Cash flows from operating activities			
Profit before income tax		**11,193**	10,079
Adjustments for:			
Allowance for doubtful debts, net	20	**10**	8
Amortisation of intangible assets	20	**625**	632
Depreciation of plant and equipment	20	**966**	940
Interest income	17	**(446)**	(364)
Interest expense	19	**4**	7
Gain on disposal of plant and equipment	17	**(37)**	(2)
Plant and equipment written-off	20	**38**	4
Write-back of provisions/accruals, net	20	**(2)**	–
Share of results of associate		**30**	–
Operating cash flows before changes in working capital		**12,381**	11,304
Changes in working capital:			
Inventories		**62**	41
Trade and other receivables		**(481)**	(348)
Prepayments		**12**	(26)
Trade and other payables		**798**	(645)
Cash flows from operations		**12,772**	10,326
Income tax paid		**(2,279)**	(2,037)
Net cash flows from operating activities		**10,493**	8,289
Cash flows from investing activities			
Proceeds from disposal of plant and equipment		**24**	18
Purchase of plant and equipment	4	**(884)**	(681)
Purchase of intangible assets	5	**(7)**	(34)
Subscription of shares in associate	7	**(250)**	–
Interest received		**434**	370
Net cash flows used in investing activities		**(683)**	(327)
Cash flows from financing activities			
Dividends paid	23	**(7,653)**	(3,154)
Dividends paid to vendors[(1)]		**–**	(932)
Subscription of shares in subsidiaries by non-controlling interests		**170**	285
Proceeds from disposal of shares in subsidiaries to non-controlling interest without a change in control	6(d)	**–**	98
Net cash flows used in financing activities		**(7,483)**	(3,703)
Net increase in cash and cash equivalents		**2,327**	4,259
Cash and cash equivalents at beginning of year		**24,824**	20,376
Effect of exchange rate changes on cash and cash equivalents		**(46)**	189
Cash and cash equivalents at end of year	11	**27,105**	24,824

(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 2018

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 and associate are disclosed in Notes 6 and 7 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 (International) ("SFRS(I)").

For all periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore ("FRS"). These financial statements for the year ended 31 December 2018 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

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 $) and all values are rounded to the nearest thousand ($'000), except when otherwise indicated.

2.2 First-time adoption of SFRS(I)

These financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening statements of financial position were prepared as at 1 January 2017, the Group's and the Company's date of transition to SFRS(I).

The principal adjustments made to the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 January 2018 are disclosed below.

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

2.2 First-time adoption of SFRS(I) (cont'd)

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

- SFRS(I) 3 *Business Combinations* has not been applied to acquisitions of subsidiaries that are considered businesses under SFRS(I) that occurred before 1 January 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I) is the same as previously reported under FRS.

- Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, 1 January 2017. As a result, an amount of S$1,735,000 was adjusted against the opening retained earnings as at 1 January 2017.

- The comparative information do not comply with SFRS(I) 9 *Financial Instruments* or SFRS(I) 7 *Financial Instruments: Disclosures* to the extent the disclosures relate to items within the scope of SFRS(I) 9.

New accounting standards effective on 1 January 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 January 2018. Except for the impact arising from the adoption of SFRS(I) 9 and SFRS(I) 15 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

SFRS(I) 9 *Financial Instruments*

On 1 January 2018, the Group adopted SFRS(I) 9 *Financial instruments*, which is effective for annual periods beginning on or after 1 January 2018.

The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. There is no material impact arising from SFRS(I) 9 adoption that requires adjustment to the opening retained earnings at the date of initial application, 1 January 2018. The comparative information was prepared in accordance with the requirements of FRS 39.

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

2.2 First-time adoption of SFRS(I) (cont'd)

SFRS(I) 9 *Financial Instruments* (cont'd)

Classification and measurement

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 January 2018, and then applied retrospectively to those financial assets that were not de-recognised before 1 January 2018.

The Group's debt instruments have contractual cash flows that are solely payments of principal and interest. The Group has no mixed business model. Debt instruments that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly measured at amortised cost under SFRS(I) 9. There is no significant impact arising from measurement of these instruments under SFRS(I) 9.

SFRS(I) 9 requires all equity instruments to be carried at fair value through profit or loss, unless an entity chooses on initial recognition, to present fair value changes in other comprehensive income.

Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

Management has assessed that no additional impairment charge is required upon adoption of SFRS(I) 9.

SFRS(I) 15 *Revenue from Contracts with Customers*

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 January 2018.

The Group applied SFRS(I) 15 retrospectively and did not elect to apply the exemption in SFRS(I) 1 to apply the practical expedients in accordance with the transition provisions in SFRS(I) 15.

Deferred income was reclassified to "Contract liabilities" in Note 15 following the adoption of SFRS(I) 15.

The following is the reconciliation of the impact arising from the first-time adoption of SFRS(I) including the application of the new accounting standards on 31 December 2017 and 1 January 2018 to Note 15.

	31 December 2017 (FRS) $'000	SFRS(I) 15 adjustments $'000	1 January 2018 (SFRS(I)) $'000
Deferred income	21	(21)	–
Contract liabilities	–	21	21

The adoption of SFRS(I) 15 does not have any impact to the Group as at 1 January 2017.

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

2.2 First-time adoption of SFRS(I) (cont'd)

SFRS(I) 15 *Revenue from Contracts with Customers* (cont'd)

The Group is in the business of providing 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, there is no significant impact on adopting SFRS(I) 15.

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**
SFRS(I) 16 *Leases*	1 January 2019
SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 are described below.

SFRS(I) 16 *Leases*

SFRS(I) 16 requires lessees to recognise most leases on the statement of financial position. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payment (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or

(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

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

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

SFRS(I) 16 *Leases* (cont'd)

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases;
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019; and
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Group has performed a preliminary impact assessment based on currently available information, and on the adoption of SFRS(I) 16, the Group expects to recognise right-of-use assets of approximately $4,767,000, net investment of sublease of $299,000 and lease liabilities of $5,313,000 for its leases previously classified as operating leases, with a corresponding decrease in the opening retained earnings of $247,000 and its related tax impact as of 1 January 2019.

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.

2.5 Business combinations and goodwill

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

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

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

2.5 Business combinations and goodwill (cont'd)

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.

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 2018

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

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

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 2018

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.

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

2.9 Intangible assets (cont'd)

(b) Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives 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.

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.

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.

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. Impairment losses relating to goodwill cannot be reversed in future periods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

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 statement of financial position, investments in subsidiaries are accounted for at cost less impairment losses.

2.12 Associate

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

The Group account for its investment in associate using the equity method from the date on which it becomes an associate.

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

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

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

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

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

2.13 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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

2.13 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Initial recognition and measurement (cont'd)

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The financial assets of the Group are measured at amortised cost.

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are de-recognised or impaired, and through 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. On de-recognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

2.14 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, 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.

2.16 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.

2.17 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

2.18 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".

2.19 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.14 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.20 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 2018

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

2.21 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.

2.22 Revenue

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Rendering of services

Revenue from the provision of general medical care and prescription of medicine is recognised when the services have been rendered.

Revenue from specialised health servics refers to the provision of medical care, consultancy, treatment and surgery in the field of ophthalmology and is recognised when the services have been rendered. This includes profit-sharing of a subsidiary providing specialist ophthalmology services in accordance with the terms of the service agreement with the external service provider.

Revenue from the provision of aesthetics services, usually sold in packages, are recognised upon completion of the series of distinct services rendered over time, based on each utilisation allocated using the relative stand-alone selling prices.

(b) Interest income

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

2.23 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

2.24 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.

(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 2018

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

2.24 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.

2.25 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 2018. 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, terminal 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 2018 were $34,915,000 (2017: $34,885,000) and $48,386,000 (2017: $48,386,000) respectively.

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	Assets under construction $'000	Total $'000
Cost								
At 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 and 1 January 2018	470	583	113	6,181	506	1,886	–	9,739
Additions	46	8	–	397	28	75	276	830[(1),(2)]
Disposals	–	–	(59)	(105)[(2)]	–	–	–	(164)
Written-off	(37)	–	–	(456)	(160)	(17)	–	(670)
Reclassifications	(8)	–	–	(16)	2	12	1	(9)
Currency translation differences	1	1	1	13	3	4	3	26
At 31 December 2018	**472**	**592**	**55**	**6,014**	**379**	**1,960**	**280**	**9,752**
Accumulated depreciation								
At 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 and 1 January 2018	286	285	58	3,766	347	1,103	–	5,845
Depreciation charge for the year	86	56	11	605	60	148	–	966
Disposals	–	–	(59)	(105)	–	–	–	(164)
Written-off	(36)	–	–	(439)	(149)	(8)	–	(632)
Reclassifications	(5)	–	–	(16)	3	13	–	(5)
Currency translation differences	–	–	1	1	2	3	–	7
At 31 December 2018	**331**	**341**	**11**	**3,812**	**263**	**1,259**	**–**	**6,017**
Carrying amount								
At 1 January 2017	219	354	–	2,298	192	904	–	**3,967**
At 31 December 2017	184	298	55	2,415	159	783	–	3,894
At 31 December 2018	**141**	**251**	**44**	**2,202**	**116**	**701**	**280**	**3,735**

(1) $68,000 (2017: $135,000) of the plant and equipment purchased remains unpaid and was included in other payables set out in Note 15 to the financial statements.

(2) The medical equipment disposed of had a trade-in value of $13,000 (2017: nil) included in the gain on disposal of plant and equipment as a non-cash transaction in the statement of cash flow.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. PLANT AND EQUIPMENT (CONT'D)

Company	Computer equipment $'000	Office equipment, furniture and fittings $'000	Renovation $'000	Total $'000
Cost				
At 1 January 2017	41	13	144	198
Additions	3	–	–	3
At 31 December 2017 and 1 January 2018	44	13	144	201
Additions	3	–	–	3
At 31 December 2018	**47**	**13**	**144**	**204**
Accumulated depreciation				
At 1 January 2017	19	6	56	81
Depreciation charge for the year	8	2	24	34
At 31 December 2017 and 1 January 2018	27	8	80	115
Depreciation charge for the year	10	2	24	36
At 31 December 2018	**37**	**10**	**104**	**151**
Carrying amount				
At 1 January 2017	22	7	88	117
At 31 December 2017	17	5	64	86
At 31 December 2018	**10**	**3**	**40**	**53**

Assets under construction

The Group's plant and equipment included $280,000 as at 31 December 2018 which relates to expenditure for the renovation of a new premise in Myanmar.

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 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 and 1 January 2018	595	1	34,885	5,300	155	40,936
Additions	7	–	–	–	–	7
Written-off	(2)	–	–	–	–	(2)
Reclassifications	10	(1)	–	–	–	9
Currency translation differences	2	*	30	–	–	32
At 31 December 2018	**612**	**–**	**34,915**	**5,300**	**155**	**40,982**

* Less than $1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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 2017	339	–	–	1,193	–	1,532
Amortisation for the year	71	–	–	530	31	632
Currency translation differences	6	–	–	–	–	6
At 31 December 2017 and 1 January 2018	416	–	–	1,723	31	2,170
Amortisation for the year	64	–	–	530	31	625
Written-off	(1)	–	–	–	–	(1)
Reclassifications	5	–	–	–	–	5
Currency translation differences	1	–	–	–	–	1
At 31 December 2018	**485**	**–**	**–**	**2,253**	**62**	**2,800**
Carrying amount						
At 1 January 2017	194	17	34,638	4,107	155	39,111
At 31 December 2017	179	1	34,885	3,577	124	38,766
At 31 December 2018	**127**	**–**	**34,915**	**3,047**	**93**	**38,182**
Remaining useful life as at 31 December 2018 (years)	**0.5 to 5**	**–**	**–**	**5.75**	**3**	**–**

Company	Computer software $'000
Cost	
At 31 December 2017, 1 January 2018 and 31 December 2018	**8**
Accumulated amortisation	
At 1 January 2017	2
Amortisation for the year	3
At 31 December 2017 and 1 January 2018	5
Amortisation for the year	2
At 31 December 2018	**7**
Carrying amount	
At 1 January 2017	6
At 31 December 2017	3
At 31 December 2018	**1**
Remaining useful life as at 31 December 2018 (years)	0.5 to 1

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

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FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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.

	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Goodwill			
ISEC Eye Pte. Ltd. ("ISEC Eye")	**7,970**	7,970	7,970
Southern Specialist Eye Centre Sdn. Bhd. ("SSEC")	**12,379**	12,349	12,102
JL Medical (Bukit Batok) Pte. Ltd. ("JLMBB")	**4,323**	4,323	4,323
JL Medical (Sembawang) Pte. Ltd. ("JLMS")	**3,780**	3,780	3,780
JL Medical (Woodlands) Pte. Ltd. ("JLMW")	**4,189**	4,189	4,189
JL Medical (Yew Tee) Pte. Ltd. ("JLMYT")	**2,274**	2,274	2,274
	34,915	34,885	34,638

The recoverable amounts of the CGUs have been determined based on the cash flow forecasts of the respective CGU from financial budgets approved by management that uses a number of significant operational and predictive assumptions, covering a five-year period and projection to terminal year. The key assumptions for the value in use calculations are those regarding the revenue, terminal growth rates, and the pre-tax discount rates as follows:

	Revenue growth rate		Terminal growth rate		Pre-tax discount rate	
	2019 to 2023 %	2018 to 2022 %	2018 %	2017 %	2018 %	2017 %
ISEC Eye	**3 – 4**	5	**1.1**	1.1	**18**	18
SSEC	**6**	6 – 10	**3.5**	3.5	**13**	13
JLMBB	**5 – 6**	5 – 8	**2**	2	**10**	10
JLMS	**2 – 7**	2 – 3	**2**	2	**10**	10
JLMW	**2 – 3**	2 – 3	**2**	2	**10**	10
JLMYT	**3**	2 – 3	**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 each CGUs. The revenue and terminal growth rates are based on management's estimates and expectations from historical trends, industry indices and planned strategies on revenue growth and cost initiatives.

5. INTANGIBLE ASSETS (CONT'D)

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 business strategies, as well as long-term average growth rates of the healthcare industry in the respective countries.

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").

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, except for JLMS. For JLMS, the estimated recoverable amount exceeds its carrying amount by approximately $284,000 and, consequently, any adverse change in the key assumption of revenue growth rate for the periods FY2019 to FY2023 by 0.7% would result in impairment.

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.

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

6. INVESTMENT IN SUBSIDIARIES

Company	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Unquoted equity shares, at cost	**35,287**	35,287	35,287
Deemed capital contribution	**16,766**	16,766	16,766
	52,053	52,053	52,053
Less: Allowance for impairment	**(3,667)**	(3,667)	(3,667)
	48,386	48,386	48,386

There has been no movement in the allowance for impairment account for the financial year ended 31 December 2018 and 31 December 2017.

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

During the financial year ended 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 investments in subsidiaries:

Name of company	Principal place of business	Principal activities	Proportion of ownership interest (%) 31 December 2018	31 December 2017	1 January 2017
Held by the Company:					
(2) ISEC Sdn. Bhd	Malaysia	Medical eye care services	**100**	100	100
(1) International Specialist Eye Centre Pte. Ltd.	Singapore	Medical eye care services	**100**	100	100
(1) ISEC Global Pte. Ltd.	Singapore	Investment holding	**100**	100	100
(1) JL Medical (Bukit Batok) Pte. Ltd.	Singapore	General medical services	**100**	100	100
(1) JL Medical (Sembawang) Pte. Ltd.	Singapore	General medical services	**100**	100	100
(1) JL Medical (Woodlands) Pte. Ltd.	Singapore	General medical services	**100**	100	100
(1) JL Medical (Yew Tee) Pte. Ltd.	Singapore	General medical services	**100**	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Composition of the Group (cont'd)

Name of company	Principal place of business	Principal activities	Proportion of ownership interest (%) 31 December 2018	31 December 2017	1 January 2017
Held through ISEC Sdn. Bhd.:					
(2) ISEC (Penang) Sdn. Bhd. ("ISEC Penang")	Malaysia	Medical eye care services	**51**	51	66
(2) ISEC (Sibu) Sdn. Bhd.("ISEC Sibu")	Malaysia	Medical eye care services	**55**	55	55
(2) Southern Specialist Eye Centre Sdn. Bhd. ("SSEC")	Malaysia	Medical eye care services	**100**	100	100
Held through ISEC Global Pte. Ltd.:					
(3) ISEC Myanmar Company Limited ("ISEC Myanmar")	Myanmar	Medical eye care services	**51**	–	–

(1) Audited by Ernst & Young LLP, Singapore

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

(3) Newly incorporated in August 2018 with an initial issued and paid-up share capital of S$39,000 (equivalent to US$28,500), ISEC Myanmar has not commenced operations and is unaudited as at 31 December 2018.

(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 31 December 2018	31 December 2017	1 January 2017
Proportion of ownership interest held by non-controlling interest (%)	**49**	49	34
Profit after taxation allocated to NCI during the reporting period ($'000)	**366**	109	116
Accumulated NCI at the end of reporting period ($'000)	**591**	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 31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Non-current assets	**810**	872	1,001
Current assets	**944**	782	701
Non-current liabilities	**(66)**	(57)	(51)
Current liabilities	**(482)**	(1,131)	(1,556)
Net assets	**1,206**	466	95

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Summarised statement of comprehensive income

	ISEC Penang	
	2018	**2017**
	$'000	**$'000**
Revenue	**5,083**	3,994
Profit for the financial year	**748**	359
Total comprehensive income	**740**	365

Other summarised information

	ISEC Penang	
	2018	**2017**
	$'000	**$'000**
Net cash generated from operating activities	**1,042**	558
Net cash used in investing activities	**(163)**	(99)
Net cash used in financing activities	**(790)**	(416)
Net change in cash and cash equivalents	**89**	43

(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. INVESTMENT IN ASSOCIATE

Group	**31 December 2018 $'000**	**31 December 2017 $'000**	**1 January 2017 $'000**
I Medical & Aesthetics Pte. Ltd. („I Medical & Aesthetics")	**220**	–	–

Name of company	**Principal place of business**	**Principal activities**	**Proportion of ownership interest (%) 31 December 2018**	**31 December 2017**	**1 January 2017**
Held through JL Medical (Bukit Batok) Pte. Ltd.:					
[(1)] I Medical & Aesthetics Pte. Ltd.	Singapore	General medical services	**25**	–	–

(1) Audited by Ernst & Young LLP, Singapore

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

7. INVESTMENT IN ASSOCIATE (CONT'D)

On 20 August 2018, the Company's wholly-owned subsidiary, JL Medical (Bukit Batok) Pte. Ltd. had completed subscription of 250,000 ordinary shares in I Medical & Aesthetics, at an aggregate amount of S$250,000 that was paid in cash, representing 25% shareholding in I Medical & Aesthetics.

The summarised financial information in respect of the associate that is not material are as follows:

	2018 $'000
Revenue	393
Loss after income tax, representing total comprehensive income	(448)

8. DEFERRED TAX

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

	At 1 January 2018 $'000	Recognised in profit or loss $'000	Currency translation differences $'000	At 31 December 2018 $'000
Deferred tax assets				
Provisions and other temporary differences	11	(11)	*	–
Total	11	(11)	*	–
Deferred tax liabilities				
Differences in depreciation for tax purposes	54	(25)	*	29
Differences in amortisation of intangible assets	630	(95)	–	535
Total	684	(120)	*	564
Deferred tax credit, net		(109)		

	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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

9. INVENTORIES

Group	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Medical and surgical supplies	**1,115**	1,177	1,218

Inventories of $8,251,000 (2017: $7,835,000) were recognised as an expense and included in "cost of sales" line item in profit or loss for the financial year ended 31 December 2018.

10. TRADE AND OTHER RECEIVABLES

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Trade receivables	**2,032**	1,450	1,588	**–**	–	–
Accrued revenue	**430**	486	176	**13**	43	30
Amounts due from associate (trade)	**17**	–	–	**–**	–	–
Total trade receivables	**2,479**	1,936	1,764	**13**	43	30
Less: allowance for doubtful debts	**(34)**	(27)	(19)	**–**	–	–
	2,445	1,909	1,745	**13**	43	30
Other receivables	**16**	8	24	**–**	2	14
Accrued reimbursement from vendors of subsidiaries acquired	**21**	159	–	**21**	159	–
Amounts due from subsidiaries (non-trade)	**–**	–	–	**13,081**	3,912	4,621
Amounts due from associate (non-trade)	**28**	–	–	**5**	–	–
Deposits	**474**	429	402	**39**	55	53
Total trade and other receivables	**2,984**	2,505	2,171	**13,159**	4,171	4,718
Add: Cash and cash equivalents (Note 11)	**27,105**	24,824	20,376	**7,943**	11,048	8,266
Total financial assets held at amortised cost	**30,089**	27,329	22,547	**21,102**	15,219	12,984

Trade receivables and amounts due from associate (trade) are unsecured, non-interest bearing and generally on 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 and associate (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 years ended 31 December 2018 and 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10. TRADE AND OTHER RECEIVABLES (CONT'D)

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

Company	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Ringgit Malaysia	**9,531**	1,020	3,127
United States Dollar ("USD")	**614**	–	–

Receivables that are past due but not impaired

The Group has trade receivables amounting to $319,000 as at 31 December 2017 and $287,000 as at 1 January 2017 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	31 December 2017 $'000	1 January 2017 $'000
Trade receivables past due but not impaired:		
0 – 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
Movement in allowance account:	
At 1 January	19
Charge for the year	8
At 31 December	27

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10. TRADE AND OTHER RECEIVABLES (CONT'D)

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

Group	2018 $'000
Movement in allowance account:	
At 1 January	27
Charge for the year	32
Written-back	(22)
Written-off	(3)
At 31 December	34

11. CASH AND CASH EQUIVALENTS

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Cash and bank balances	20,947	17,298	13,054	1,922	4,048	1,266
Fixed deposits	6,158	7,526	7,322	6,021	7,000	7,000
Total cash and cash equivalents	27,105	24,824	20,376	7,943	11,048	8,266

Fixed deposits are made with banks for varying periods of between two weeks and three months and the effective interest rates on the fixed deposits range from 0.94% to 2.20% (2017: 0.84% to 3.80%) per annum.

Cash and fixed deposits denominated in foreign currencies are as follows:

Company	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
United States Dollar	417	–	–

12. SHARE CAPITAL

	Group and Company			
	2018	2017	2018	2017
	Number of ordinary shares		$'000	$'000
Issued and fully paid:				
At 1 January and 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.

NOTES TO THE FINANCIAL STATEMENTS

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13. OTHER RESERVES

Group	31 December 2018 $'000	31 December 2017 *(Restated)* $'000	1 January 2017 *(Restated)* $'000
Foreign currency translation reserve	**529**	502	–
Merger reserve	**(3,572)**	(3,572)	(3,572)
Capital reserve	**31**	31	–
	(3,012)	(3,039)	(3,572)

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.

The Group has elected for the optional exemption in SFRS(I) 1 to zerorise the cumulative foreign currency translation differences for foreign operations at the date of transition. The Group has reclassified an amount of S$1,735,000 of foreign currency translation reserve to the opening retained earnings on 1 January 2017.

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.

14. PROVISIONS

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Provision for step-up rent	**65**	53	50	**–**	–	–
Provision for restoration costs	**159**	155	148	**20**	20	19
	224	208	198	**20**	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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14. PROVISIONS (CONT'D)

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

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
At 1 January	**155**	148	**20**	19
Acquisition of subsidiaries	**–**	–	**–**	–
Amortisation of discount (Note 19)	**4**	5	*	1
Currency translation differences	*	2	**–**	–
At 31 December	**159**	155	**20**	20

• Less than $1,000

15. TRADE AND OTHER PAYABLES

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Trade payables	**1,149**	1,066	944	**–**	–	–
Other payables	**504**	306	803	**7**	3	98
Goods and services tax ("GST") payable	**123**	119	39	**–**	1	–
Amount due to vendors*	**–**	–	935	**–**	–	–
Amounts due to subsidiaries	**–**	–	–	**16**	–	47
Amounts due to associate	**10**	–	–	**–**	–	–
Contract liabilities	**37**	21	–	**–**	–	–
Advances from customers	**177**	192	143	**–**	–	–
Accrued expenses	**2,184**	1,771	2,055	**297**	230	168
Total trade and other payables	**4,184**	3,475	4,919	**320**	234	313
Less: GST payable	**(123)**	(119)	(39)	**–**	(1)	–
Less: Advances from customers	**(177)**	(192)	(143)	**–**	–	–
Less: Contract liabilities	**(37)**	(21)	–	**–**	–	–
Total financial liabilities carried at amortised cost	**3,847**	3,143	4,737	**320**	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' terms.

Amounts due to subsidiaries, associate and vendors are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

Trade and other payables denominated in foreign currencies are as follows:

Company	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Ringgit Malaysia	**16**	–	47

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

16. REVENUE

(a) Disaggregation of revenue

	General health services		Specialised health services		Total	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Types of goods or services						
Consultation, medication and procedures	**3,807**	3,847	**36,426**	32,955	**40,233**	36,802
Aesthetics services	**211**	174	**–**	–	**211**	174
	4,018	4,021	**36,426**	32,955	**40,444**	36,976
Timing of transfer of goods or services						
At a point in time	**3,807**	3,847	**36,426**	32,955	**40,233**	36,802
Over time	**211**	174	**–**	–	**211**	174
	4,018	4,021	**36,426**	32,955	**40,444**	36,976
Primary geographical market						
Singapore	**4,018**	4,021	**5,404**	4,995	**9,422**	9,016
Malaysia	**–**	–	**31,022**	27,960	**31,022**	27,960
	4,018	4,021	**36,426**	32,955	**40,444**	36,976

(b) Methods used in recognising revenue

Recognition of revenue from consultation, medication and procedures

For the consultation, medication and procedures, the Group satisfies its performance obligations at a point in time. Revenue from the provision of medical care, consultancy, treatment, surgery and prescription of medicine is recognised when the promised goods or services are transferred to the customer, which is when the customer obtains control of the goods or services.

Recognition of revenue from aesthetics services

For aesthetics services where the Group satisfies its performance obligations over time, management has determined that an output method provides a faithful depiction of the Group's performance in transferring control of the goods or services to the customers, as it reflects the direct measurements of the value to the customer of goods or services transferred to date relative to the remaining goods or services promised under the contract. The measure of progress is based on the number of sessions utilised as a percentage of the total sessions sold in a package.

(c) Contract liabilities

Information about contract liabilities from contracts with customers is disclosed as follows:

	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Contract liabilities (Note 15)	**37**	21	–

Contract liabilities primarily relate to the Group's obligation to perform aesthetics services to the customers for which the Group has received consideration in advance, and are recognised as revenue when the Group performs the services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

16. REVENUE (CONT'D)

(c) Contract liabilities (cont'd)

Significant changes in contract liabilities are highlighted as follows:

	2018 $'000	2017 $'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	**13**	–

(d) Transaction price allocated to remaining performance obligation

The Group has applied the practical expedient not to disclose information about its remaining performance obligation as the Group recognises revenue in the amount to which the Group has a right to invoice customers in amounts that correspond directly with the value to the customer of the Group's performance completed to date.

17. OTHER INCOME

	Group	
	2018 $'000	2017 $'000
Gain on disposal of plant and equipment	**37**	2
Interest income	**446**	364
Government grant	**60**	32
Reimbursement from vendors of subsidiaries acquired (Note 10)	**21**	159
Others	**44**	40
	608	597

18. OTHER EXPENSES

	Group	
	2018 $'000	2017 $'000
Amortisation of intangible assets[1]	**561**	561
Plant and equipment written-off	**38**	–
Loss on exchange differences, net	**54**	–
Others	**2**	–
	655	561

(1) Comprise amortisation of contractual relationship and customer relationships

19. FINANCE COSTS

	Group	
	2018 $'000	2017 $'000
Interest expense on amortisation of discount on provision	**4**	5
Interest expense to financial institution	**–**	2
	4	7

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20. PROFIT BEFORE INCOME TAX

Other than as disclosed in Notes 16 to 19, the following items have been included in arriving at profit before income tax:

	Group	
	2018 $'000	**2017 $'000**
Cost of inventories	**8,251**	7,835
Depreciation of plant and equipment	**966**	940
Doctors' consultancy fees	**409**	505
Directors' fees (Note 24)	**179**	218
Employee benefits expense (including executive directors)		
– salaries, bonus and other benefits	**13,995**	12,664
– defined contribution plans	**1,638**	1,480
Audit fees		
– auditors of the Company	**105**	100
– other auditors	**57**	51
Non-audit fees		
– auditors of the Company	**31**	76
– other auditors	**48**	3
Amortisation of intangible assets	**625**	632
Foreign exchange loss/(gain), net	**54**	(15)
Plant and equipment written-off	**38**	4
Operating lease expenses	**1,280**	1,214
Allowance for doubtful debts, net	**10**	8
Write-back of provisions/accruals, net	**(2)**	–

21. INCOME TAX EXPENSE

	Group	
	2018 $'000	**2017 $'000**
Current income tax expense		
– current financial year	**2,655**	2,222
– (over)/under-provision in previous financial years	**(30)**	31
	2,625	2,253
Deferred tax credit		
– current financial year	**(118)**	(45)
– over/(under)-provision in previous financial years	**9**	(14)
	(109)	(59)
Total income tax expense recognised in profit or loss	**2,516**	2,194

There is no deferred tax expense related to other comprehensive income or charged directly in equity during the year (2017: nil).

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

21. 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 2018 and 2017 is as follows:

	Group	
	2018 $'000	**2017 $'000**
Profit before income tax	**11,193**	10,079
Income tax calculated at Singapore's statutory income tax rate of 17% (2017: 17%)	**1,903**	1,713
Adjustments:		
Effect of different tax rates in other countries	**556**	479
Income not subject to income tax	**(1)**	(18)
Non-deductible expenses	**264**	135
Deferred tax assets not recognised	**34**	68
(Over)/under-provision of income tax expense in previous years	**(30)**	31
Over/(under)-provision of deferred tax credit (net) in previous years	**9**	(14)
Effect of tax exemption	**(224)**	(200)
Share of results of associate	**5**	–
	2,516	2,194

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

As at 31 December 2018, the Group has unutilised tax losses and unabsorbed capital allowances of approximately $1,841,000 (2017: $1,800,000) and $266,000 (2017: $375,000) 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 2.24(b) to the financial statements.

Tax consequence of proposed dividends

There are no income tax consequences (2017: nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 23).

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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

22. 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	
	2018	**2017**
Profit for the year attributable to owners of the Company ($'000)	**8,407**	7,907
Weighted average number of ordinary shares in issue during the financial year applicable to basic earnings per share	**517,095,669**	517,095,669
Earnings per share (in cents) – basic and diluted	**1.63**	1.53

23. DIVIDENDS

	Group	
	2018 **$'000**	**2017** **$'000**
Dividends on ordinary shares:		
– Final tax-exempt dividend for 2017: 0.70 cents (2016: 0.11 cents) per share	**3,620**	569
– First interim tax-exempt dividend for 2018: 0.78 cents (2017: 0.50 cents) per share	**4,033**	2,585
	7,653	3,154
Proposed but not recognised as a liability as at 31 December:		
– Final tax-exempt dividends on ordinary shares for 2018 of 0.78 cents (2017: 0.70 cents) per share, subject to shareholders' approval at the Annual General Meeting	**4,033**	3,620
– Special tax-exempt dividends on ordinary shares for 2018 of 0.98 cents (2017: nil) per share, subject to shareholders' approval at the Annual General Meeting	**5,068**	–
	9,101	3,620

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24. 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	
	2018 **$'000**	**2017** **$'000**
With firm and member firm related to director of the Company		
Professional fees charged by	**124**	15

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	
	2018 **$'000**	**2017** **$'000**
Directors of the Company		
– Directors' fee	**170**	210
– short-term employee benefits	**1,855**	1,820
– post employment benefits	**132**	128
Key management personnel of the Group		
– Directors' fee	**7**	6
– short-term employee benefits	**3,018**	2,043
– post employment benefits	**387**	267
Other key management personnel of the subsidiaries, including directors		
– Directors' fee	**2**	2
– short-term employee benefits	**1,381**	1,977
– post employment benefits	**180**	241
	7,132	6,694

25. 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	
	2018 **$'000**	**2017** **$'000**
Medical equipment	**848**	–
Software under development	**46**	–

(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.

25. COMMITMENTS (CONTD)

(b) Operating lease commitments

The Group as lessee (cont'd)

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2018 amounted to $1,280,000 (2017: $1,214,000).

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	
	2018	**2017**
	$'000	**$'000**
Not later than one year	**1,465**	1,335
Later than one year but not later than five years	**2,440**	2,426
Later than five years	**189**	219
	4,094	3,980

26. 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.

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	
	2018	**2017**
	$'000	**$'000**
Segment revenue		
Specialised health services	**36,426**	32,955
General health services	**4,018**	4,021
Total	**40,444**	36,976
Segment profit after tax		
Specialised health services	**7,614**	6,986
General health services	**1,063**	899
Total	**8,677**	7,885

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

26. SEGMENT INFORMATION (CONT'D)

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	
	2018	**2017**
	$'000	**$'000**
Segment revenue		
Singapore	**9,422**	9,016
Malaysia	**31,022**	27,960
Total	**40,444**	36,976
Segment profit after tax		
Singapore	**2,384**	2,374
Malaysia	**6,320**	5,511
Myanmar	**(27)**	–
Total	**8,677**	7,885

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 two (2017: three) customers, which in total had contributed to 12% (2017: 29%) of the Group's total revenue for financial year ended 31 December 2018.

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

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

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

(a) Credit risks (cont'd)

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments 365 days after they fall due, which are derived based on the Group's historical information.

The Group considers financial instruments to have low credit risk at reporting date if the credit risk has not increased significantly since initial recognition. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition.

A significant increase in credit risk is presumed if a debtor is more than 365 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

– A breach of contract, such as a default or past due event;

– It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or

– There is a disappearance of an active market for that financial asset because of financial difficulty

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for trade receivables.

Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping debtors based on their risk profile. The loss allowance provision as at 31 December 2018 is determined as follows, the expected credit losses below also incorporate forward looking information such as forecast of economic conditions where the gross domestic product ("GDP") will increase over the next year, leading to a decreased number of defaults.

Summarised below is the information about the credit risk exposure on the Group's trade receivables (including accrued revenue) using provision matrix, grouped by the risk profile of the debtors at 31 December 2018:

		Past due				
	Current $'000	0-90 days $'000	90-180 days $'000	180-365 days $'000	>365 days $'000	Total $'000
Credit-impaired debtors:						
Gross carrying amount	–	–	–	–	23	23
Loss allowance provision	–	–	–	–	23	23

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

(a) Credit risks (cont'd)

Trade receivables (cont'd)

		Past due				
	Current $'000	0-90 days $'000	90-180 days $'000	180-365 days $'000	>365 days $'000	Total $'000
Corporate debtors:						
Gross carrying amount	1,659	466	19	12	1	2,157
Loss allowance provision	–	*	1	1	*	2
Individuals:						
Gross carrying amount	237	20	29	2	11	299
Loss allowance provision	*	1	*	*	8	9

* Less than $1,000

Information regarding loss allowance movement of trade receivables are disclosed in Note 10.

During the financial year, the Group has written-off $3,000 of trade receivables which are more than 365 days past due as the Group does not expect to receive future cash flows from and there are no recoveries from collection of cash flows previously written off.

Other financial assets

The Group computes expected credit loss for other financial assets using the probability of default approach. In calculating the expected credit loss rates, the Group considers implied probability of default and historical loss rates for each category of counterparty, and adjusts for forward looking macroeconomic data such as GDP growth.

There are no significant changes in the estimation techniques or significant assumptions made during the reporting period.

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 (2017: 2) customers which represent 45% (2017: 43%) of total trade receivables balance at year end.

As at 31 December 2018, the Company has significant credit exposure arising from the non-trade amounts due from subsidiaries and associate amounting to $13,086,000 (2017: $3,912,000).

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 10.

27. 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	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
	Increase/(decrease) in profit before income tax			
RM/SGD – strengthened 5% (2017: 5%)	**457**	27	**476**	51
– weakened 5% (2017: 5%)	**(457)**	(27)	**(476)**	(51)

(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		
	31 December 2018 $'000	**31 December 2017 $'000**	**1 January 2017**	**31 December 2018 $'000**	**31 December 2017 $'000**	**1 January 2017**
Within one financial year						
Financial assets						
Trade and other receivables	**2,984**	2,505	2,171	**13,159**	4,171	4,718
Cash and cash equivalents	**27,105**	24,824	20,376	**7,943**	11,048	8,266
Total undiscounted financial assets	**30,089**	27,329	22,547	**21,102**	15,219	12,984
Financial liabilities						
Trade and other payables, representing total undiscounted financial liabilities	**3,847**	3,143	4,737	**320**	233	313
Total net undiscounted assets	**26,242**	24,186	17,810	**20,782**	14,986	12,671

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

28. 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 2018 and 31 December 2017.

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 or the issue of new debt, if necessary. The Group's overall strategy remains unchanged during the financial years ended 31 December 2018 and 31 December 2017.

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 2018 and 31 December 2017.

29. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to 31 December 2018, ISEC Myanmar Company Limited has increased its share capital from $39,000 (equivalent to US$28,500) to $542,000 (equivalent to US$400,000) through issuance of shares allotted to the existing shareholders of the subsidiary in equal proportion to their existing shareholdings.

In January 2019, the Company purchased 386,400 of its own shares from the open market in cash at share prices ranging from $0.26 to $0.28 per share, representing 0.07% of the Company's total issued ordinary shares. These have been designated as treasury shares.

30. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 29 March 2019.

STATISTICS OF SHAREHOLDINGS

AS AT 12 MARCH 2019

Number of Ordinary Shares in Issue (excluding treasury shares and subsidiary holdings)	:	516,709,269
Number of Treasury Shares held and percentage	:	386,400 (0.075%)
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	0.12	45	0.00
100 – 1,000	41	4.90	28,000	0.01
1,001 – 10,000	267	31.94	1,983,600	0.38
10,001 – 1,000,000	502	60.05	41,253,635	7.98
1,000,001 AND ABOVE	25	2.99	473,443,989	91.63
TOTAL	**836**	**100.00**	**516,709,269**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	RAFFLES NOMINEES (PTE) LIMITED	100,645,590	19.48
2	LEE HUNG MING	83,609,200	16.18
3	MAYBANK KIM ENG SECURITIES PTE LTD	52,249,595	10.11
4	CITIBANK NOMINEES SINGAPORE PTE LTD	30,931,058	5.99
5	WONG JUN SHYAN	28,024,605	5.42
6	LEE YENG FEN	25,892,258	5.01
7	DBS NOMINEES (PRIVATE) LIMITED	22,545,800	4.36
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	16,301,045	3.15
11	FANG SENG KHEONG OR CAROLINE HO MEI LI	16,023,245	3.10
12	MICHAEL LAW SIE HAUR	15,768,000	3.05
13	JUSTIN TAN YOKE TARNG	7,500,000	1.45
14	LIM CHEOK PENG	6,850,000	1.33
15	UOB KAY HIAN PRIVATE LIMITED	5,680,000	1.10
16	OCBC SECURITIES PRIVATE LIMITED	5,052,600	0.98
17	PHILLIP SECURITIES PTE LTD	3,758,200	0.73
18	KOK HOWE SEN	3,679,578	0.71
19	CHAN MEI LAN CORDELIA	3,483,800	0.67
20	HSBC (SINGAPORE) NOMINEES PTE LTD	3,067,300	0.59
	TOTAL	**466,733,468**	**90.31**

STATISTICS OF SHAREHOLDINGS

AS AT 12 MARCH 2019

PUBLIC FLOAT

Based on the information available to the Company as at 12 March 2019, approximately 38.77% of the issued ordinary shares of the Company (excluding treasury shares and subsidiary holdings) 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	16.18	104,283,058	20.18
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	5.81

Note:

1. *Based on the total issued share capital of 516,709,269 ordinary shares of the Company as at 12 March 2019.*

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 Raffles 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 Raffles 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, 24 April 2019 at 10.30 a.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 2018 together with the Independent Auditor's Report thereon. **(Resolution 1)**

2. To declare a final tax exempt (one-tier) dividend of 0.78 Singapore cents (S$0.0078) per ordinary share for the financial year ended 31 December 2018 (FY2017: S$0.007 per ordinary share). **(Resolution 2)**

3. To declare a special tax exempt (one-tier) dividend of 0.98 Singapore cents (S$0.0098) per ordinary share for the financial year ended 31 December 2018. **(Resolution 3)**

4. 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 Lee Hung Ming **(Resolution 4)**
   Mr Lim Wee Hann **(Resolution 5)**

   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 2018.
   [See Explanatory Note (i)]

5. To approve the payment of Directors' fees of S$170,000 for the financial year ending 31 December 2019, payable quarterly in arrears. (FY2018: S$170,000) **(Resolution 6)**
   [See Explanatory Note (ii)]

6. 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 7)**

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

AS SPECIAL BUSINESS

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

8. Authority to allot and issue shares

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

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

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

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

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 8)**

NOTICE OF
ANNUAL GENERAL MEETING

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

That pursuant to Section 161 of the 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 9)**

10. 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 10)**

11. 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.

(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. **(Resolution 11)**
[See Explanatory Note (vi)]

NOTICE OF ANNUAL GENERAL MEETING

12. **Proposed Participation of Dr Lee Hung Ming, the Executive Vice Chairman and a Controlling Shareholder of the Company, in the Share Option Scheme**

THAT approval be and is hereby given for the proposed participation of Dr Lee Hung Ming, the Executive Vice Chairman and a Controlling Shareholder of the Company, in the Share Option Scheme.
[See Explanatory Note (vii)] **(Resolution 12)**

13. **Proposed Participation of Dr Lee Yeng Fen, an Associate of Dr Lee Hung Ming, the Executive Vice Chairman and a Controlling Shareholder of the Company, in the Share Option Scheme**

THAT approval be and is hereby given for the proposed participation of Dr Lee Yen Feng, an Associate of Dr Lee Hung Ming, the Executive Vice Chairman and a Controlling Shareholder of the Company, in the Share Option Scheme.
[See Explanatory Note (viii)] **(Resolution 13)**

14. **Proposed Grant of Options to Dr Lee Hung Ming, the Executive Vice Chairman and a Controlling Shareholder of the Company, under the Share Option Scheme**

THAT subject to and contingent upon the passing of ordinary resolution 12 above, approval be and is hereby given for the Proposed Grant of Options to Dr Lee Hung Ming, the Executive Vice Chairman and a Controlling Shareholder of the Company, under the Share Option Scheme, pursuant to and in accordance with the Rules of the Share Option Scheme and on the following terms:

(a)	Proposed date of grant of Options	Any time within six (6) weeks from the date of the 2019 AGM (i.e., no later than 5 June 2019)
(b)	Number of Options proposed to be granted and number of Shares comprised in such Options	158,080 Options comprising 158,080 Shares (representing 0.031% of the issued Shares (excluding Treasury Shares) as at Latest Practicable Date and 0.204% of the total number of Shares available under the Share Option Scheme)
(c)	Exercise price of Options	Market Price
(d)	Exercise period of Options	Exercisable at any time after the first anniversary of the date of grant and up to the second anniversary of the date of grant
(e)	Validity period of Options	Two (2) years from date of grant

[See Explanatory Note (ix)] **(Resolution 14)**

NOTICE OF ANNUAL GENERAL MEETING

15. Proposed Grant of Options under the Share Option Scheme to Dr Lee Yeng Fen, an Associate of Dr Lee Hung Ming, the Executive Vice Chairman and a Controlling Shareholder of the Company, under the Share Option Scheme

THAT subject to and contingent upon the passing of ordinary resolution 13 above, approval be and is hereby given for the Proposed Grant of Options to Dr Lee Yeng Feng, an Associate of Dr Lee Hung Ming, the Executive Vice Chairman and a Controlling Shareholder of the Company, under the Share Option Scheme, pursuant to and in accordance with the Rules of the Share Option Scheme and on the following terms:

(a)	Proposed date of grant of Options	Any time within six (6) weeks from the date of the 2019 AGM (i.e., no later than 5 June 2019)
(b)	Number of Options proposed to be granted and number of Shares comprised in such Options	23,100 Options comprising 23,100 Shares (representing 0.004% of the issued Shares (excluding Treasury Shares) as at the Latest Practicable Date and 0.030% of the total number of Shares available under the Share Option Scheme)
(c)	Exercise price of Options	Market Price
(d)	Exercise period of Options	Exercisable at any time after the first anniversary of the date of grant and up to the second anniversary of the date of grant
(e)	Validity period of Options.	Two (2) years from date of grant

[See Explanatory Note (x)] **(Resolution 15)**

All capitalised terms used in this Notice of Annual General Meeting which are not defined herein shall have the same meaning ascribed to them in the Addendum to the Annual Report 2018.

By Order of the Board

Victor Lai
Company Secretary
Singapore,
9 April 2019

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

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

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

(ii) Ordinary Resolution 6, if passed, will facilitate the payment of Directors' fees during the financial year ending 31 December 2019 in which the fees incurred are payable quarterly in arrears.

(iii) The Ordinary Resolution 8 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued Shares (excluding treasury shares 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 8 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 8 is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(iv) The Ordinary Resolution 9 in item 9 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 8.

(v) The Ordinary Resolution 10 in item 10 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 8.

(vi) The Ordinary Resolution 11 in item 11 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 2018 are set out in greater detail in the Addendum to the Annual Report.

(vii) The Ordinary Resolution 12 in item 12 above, if passed, will approve the participation of Dr Lee Hung Ming, the Executive Vice Chairman and a Controlling Shareholder of the Company, in the Share Option Scheme. Please refer to the Addendum for more details.

(viii) The Ordinary Resolution 13, in item 13 above, if passed, will approve the participation of Dr Lee Yeng Fen, an Associate of Dr Lee Hung Ming, the Executive Vice Chairman and a Controlling Shareholder of the Company, in the Share Option Scheme. Please refer to the Addendum for more details.

(ix) The Ordinary Resolution 14 in item 14 above, if passed, will approve the Proposed Grant of Options to Dr Lee Hung Ming, the Executive Vice Chairman and a Controlling Shareholder of the Company, under the Share Option Scheme. Please refer to the Addendum for more details.

(x) The Ordinary Resolution 15 in item 15 above, if passed, will approve the Proposed Grant of Options to Dr Lee Yeng Fen, an Associate of Dr Lee Hung Ming, the Executive Vice Chairman and a Controlling Shareholder of the Company, under the Share Option Scheme. Please refer to the Addendum for more details.

NOTICE OF
ANNUAL GENERAL MEETING

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, 24 April 2019 at 10.30 a.m. and at any adjournment thereof. *I/we direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specified direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/her/they will on any other matters arising at the Meeting.

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

No.	Resolutions relating to:	For	Against
1	Receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2018.		
2	Declaration of a final dividend (one tier tax exempt) of 0.78 Singapore cents per ordinary share for the financial year ended 31 December 2018.		
3	Declaration of a special dividend (one tier tax exempt) of 0.98 Singapore cents per ordinary share for the financial year ended 31 December 2018.		
4	Re-election of Dr Lee Hung Ming as a Director of the Company.		
5	Re-election of Mr Lim Wee Hann as a Director of the Company.		
6	Approval of Directors' fees amounting to S$170,000 for the financial year ending 31 December 2019, payable quarterly in arrears.		
7	Re-appointment of Ernst & Young LLP as Independent Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.		
8	Authority to allot and issue new shares.		
9	Authority to allot and issue shares under the ISEC Healthcare Share Option Scheme.		
10	Authority to allot and issue shares under the ISEC Healthcare Performance Share Plan.		
11	Renewal of the Share Buyback Mandate.		
12	Proposed Participation of Dr Lee Hung Ming, the Executive Vice Chairman and a Controlling Shareholder of the Company, in the Share Option Scheme.		
13	Proposed Participation of Dr Lee Yeng Fen, an Associate of Dr Lee Hung Ming, the Executive Vice Chairman and a Controlling Shareholder of the Company, in the Share Option Scheme.		
14	Contingent on the passing of Ordinary Resolution 12, to approve the Proposed Grant of Options to Dr Lee Hung Ming, the Executive Vice Chairman and a Controlling Shareholder of the Company, under the Share Option Scheme.		
15	Contingent on the passing of Ordinary Resolution 13, to approve the Proposed Grant of Options to Dr Lee Yeng Fen, an Associate of Dr Lee Hung Ming, the Executive Vice Chairman and a Controlling Shareholder of the Company, under the Share Option Scheme.		

Dated this ______ day of __________________ 2019

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 9 April 2019.

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
Telephone: +65 6258 2262
Fascimile: +65 6258 2276

BOARD OF DIRECTORS
Mr Sitoh Yih Pin
Non-Executive Chairman and Independent Director

Dr Lee Hung Ming
Executive Vice Chairman

Dr Wong Jun Shyan
Executive Director and Chief Executive Officer

Professor Low Teck Seng
Independent Director

Mr Lim Wee Hann
Independent Director

AUDIT COMMITTEE
Mr Sitoh Yih Pin (Chairman)
Professor Low Teck Seng
Mr Lim Wee Hann

NOMINATING COMMITTEE
Professor Low Teck Seng (Chairman)
Mr Sitoh Yih Pin
Mr Lim Wee Hann

REMUNERATION COMMITTEE
Mr Lim Wee Hann (Chairman)
Mr Sitoh Yih Pin
Professor Low Teck Seng

COMPANY SECRETARY
Mr Lai Kuan Loong, Victor

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 from the 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