



Ring, Bell, Ring  
Loud And Clear!  
My Treatment Is Over  
And I'm Outta Here!

# CREATING A LASTING LEGACY IN HEALTHCARE

Annual Report 2018



Dedicated to healing  
Powered by Innovation

A large, abstract graphic on the left side of the page features a dense cluster of blue and white shapes that resemble a splash or a burst of energy. The shapes are irregular and organic in form, with varying shades of blue and white. Some smaller, isolated shapes are scattered across the right side of the page.

# **Asian American Medical Group Limited**

ABN NUMBER 42 091 559 125

Annual Report for the year ended 31 August 2018

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# CORPORATE DIRECTORY

**BOARD OF DIRECTORS**

Dato' Dr Kai Chah Tan  
(Executive Chairman)

Mr Evgeny Tugolukov  
(Non-Executive Director)

Mr Heng Boo Fong  
(Independent Non-Executive Director)

Mr Paul Vui Yung Lee  
(Independent Non-Executive Director)

Ms Jeslyn Jacques Wee Kian Leong  
(Independent Non-Executive Director)

Mr Stuart L Dean  
(Independent Non-Executive Director)

**AUDIT COMMITTEE**

Mr Heng Boo Fong (Chairman)  
Mr Paul Vui Yung Lee  
Ms Jeslyn Jacques Wee Kian Leong

**NOMINATION AND REMUNERATION COMMITTEE**

Mr Heng Boo Fong (Chairman)  
Mr Paul Vui Yung Lee  
Mr Evgeny Tugolukov

**COMPANY SECRETARY**

Mr Dario Nazzari

**REGISTERED OFFICE**

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Adelaide SA 5000  
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Website: [www.aamg.co](http://www.aamg.co)

**AUDITORS**

Grant Thornton Audit Pty Ltd  
Level 3, 170 Frome Street  
Adelaide SA 5000  
Tel: +61 8 8372 6666  
Fax: +61 8 8372 6677

**BANKERS**

DBS Bank Ltd  
12 Marina Boulevard  
DBS Asia Central, Marina Bay Financial Centre  
Tower 3  
Singapore 018982

Westpac Banking Corporation  
114 William Street  
Melbourne VIC 3000

**SHARE REGISTRY**

Computershare Investor Services Pty Ltd  
Level 5, 115 Grenfell Street  
Adelaide SA 5000  
Tel: +61 8 8236 2300  
Fax: +61 8 9473 2408

**STOCK EXCHANGE LISTING**

The Company's shares are quoted on the Official List of the Australian Securities Exchange Limited.  
ASX Code : AJJ

## CORPORATE PROFILE

Asian American Medical Group Limited (“AAMG” or the “Group”), based in Singapore, has been listed on the Australian Securities Exchange (“ASX”) since September 2009. The Group’s operations include the Asian American Liver Centre Pte Ltd (“AALC”), established 1994 in Singapore, and Asian American Radiation & Oncology Pte Ltd (“AARO”), established in 2015.

The Group entered into a strategic collaboration in October 2012 with United States (“U.S.”) based US\$19-billion integrated global health enterprise University of Pittsburgh Medical Centre (“UPMC”). UPMC ranked No. 14 in the U.S. News & World Report Honor Roll of American’s Best Hospitals, is affiliated with the University of Pittsburgh Schools of the Health Sciences and is a pioneer in the field of transplantation. This collaboration has enhanced AAMG’s clinical capabilities through shared protocols, rigorous quality standards and technology and also created a platform for AAMG to expand into other countries in Asia such as Malaysia and Myanmar.

AALC, one of Asia’s foremost liver centres, is led by renowned hepatobiliary expert and liver transplant surgeon, Dato’ Dr Kai Chah Tan (“Dr KC Tan”), who helped start the Liver Transplant Programme at King’s College Hospital in London, United Kingdom (“U.K.”), and pioneered the highly successful Living Donor Liver Transplantation (“LDLT”) Programme in Singapore. In 2014, AALC began conducting surgical procedures at iHEAL Medical Centre in Kuala Lumpur, Malaysia. Following the setting up of our subsidiary Gold Bell Asia American Healthcare Ventures Company Limited (“GBAA”) in Myanmar, AALC began conducting consultancy and surgical procedures at Grand Hantha International Hospital in Yangon from 2017.

AARO offers radiation oncology treatment services, consultancy and management services and is spearheaded by Dr Daniel Yat Harn Tan. Based in Singapore, AARO will drive expansion into the growing radiotherapy and oncology segment in the overseas market, at a time where there is a shortage of modern radiotherapy treatment centres.

In March 2018, AAMG completed the acquisition of Hippocrates Development Sdn Bhd (“HDSB”). HDSB owns a 5-acre block of land in Iskandar Puteri, in the Southern Malaysian state of Johor, which has been earmarked to be developed into medical hub, which will include an international cancer centre to be built in memory of the Late Johor Prince Almarhum Tunku Abdul Jalil Iskandar ibni Sultan Ibrahim Ismail.

## OUR VISION

To develop AAMG into an international healthcare brand through organic growth and geographical expansion.

## OUR MISSION

To deliver excellent multi-disciplinary medical care through clinical excellence, technological innovation and patient-centric care.

## OUR VALUES

<b>Excellence</b>	We always strive to excel and take pride in all that we do.
<b>Innovation</b>	We practise the most up-to-date clinical techniques, employ the latest technology and keep abreast of advancements in medical treatment.
<b>Integrity</b>	Honesty and integrity are fundamental to our organisation. We take pride in our ethical conduct and comply strictly with legal requirements.
<b>Transparency</b>	We carefully communicate to our patients what their care will entail so that they clearly understand the medical process.
<b>Compassion</b>	We regularly publish and present our clinical outcomes. Patients are our top priority, and we work hard to meet their diverse needs. Empathy and compassion are integral to our mission to provide the best quality care.

## KEY BUSINESS SEGMENTS

<b>LIVER</b>	AAMG's liver segment operates under AALC and is headquartered at Gleneagles Hospital in Singapore. Today, AALC is one of Asia's foremost liver centres dedicated to the treatment of all liver, pancreas and bile duct diseases in adults and children, and has expanded to Malaysia and Myanmar.
<b>RADIATION AND ONCOLOGY</b>	AARO is a sub-specialised radiation and oncology division of AAMG. AARO provides radiation therapy treatment as well as management and advisory services to radiation oncology units in Asia. It is currently focused on expanding across Singapore, Myanmar and has collaboration agreements in Russia.
<b>HEALTHCARE MANAGEMENT AND CONSULTANCY</b>	Leveraging on the rich pool of experience, knowledge and network of AAMG's key management team, the Group's healthcare management and consultancy segment aims to source and identify potential healthcare-related projects that AAMG can participate in.
<b>HEALTHCARE REAL ESTATE</b>	This newly created segment is managed under AAMG's subsidiary Million Health Ventures Pte Ltd ("MHV"), which owns HDSB in Malaysia. HDSB is undertaking the development of a cancer centre on its 5-acre land in Johor, Malaysia.

## KEY MILESTONES

1990  
–  
1997

- 1990 The **world's first** heart-and-liver transplant performed by Dr KC Tan and Professor Sir Magdi Yacoub.
- 1991 **First** split-liver transplant **in U.K.** by Dr KC Tan.
- 1992 **First** auxiliary liver transplant for liver failure **in the U.K.** by Dr KC Tan.
- 1993 **First** paediatric living donor liver transplant ("LDLT") in the U.K. and Second auxiliary liver transplant for metabolic disease in the world by Dr KC Tan.
- 1994 AALC, formerly known as **Asian Centre for Liver Diseases & Transplantation ("ACLDT")**, is established.
- 1995 **First** paediatric LDLT **in Southeast Asia**.
- 1997 **Second** split-liver transplant **in Asia**.

2002  
–  
2013

- 2002 **First** successful adult LDLT **in Southeast Asia**.
- 2004 - 2006 **Performed first liver** transplants for patients **from Pakistan, Sri Lanka, Myanmar, Bangladesh and The United Arab Emirates** in our centre.
- 2007 Successfully performed the **100th** LDLT.
- 2009 **Listed on the ASX**, stock code **AJJ**.
- 2010 **First** healthcare company in **Singapore** to use remote patient monitoring devices for the Intensive Care Unit. **Established its first** satellite clinic, which incorporated **telemedicine** services, in **Ho Chi Minh City, Vietnam**.
- 2011 **Entered into a Management Services Agreement with Parkway Hospitals** to co-manage Gleneagles Hospital's liver diseases clinical program.
- 2012 **Signed Service Agreement with UPMC**, a top Global Healthcare Enterprise based in Pittsburgh, U.S.. Successfully performed the **200th** LDLT. Signed Consultancy Agreement with **iHEAL Medical Services** to practise at iHEAL Medical Centre in **Kuala Lumpur, Malaysia**.
- 2013 Established **Haematopoietic Stem Cell Transplant Centre** which offers treatment for other blood related diseases. Signed Service Agreement with **Vinmec International Hospital** to set up a liver clinic in **Hanoi, Vietnam**. Successful placement of 21,000,000 new shares to **RusSing Med Holdings**. Creation of new brand and corporate identity, renamed **Asian American Medical Group ("AAMG")**.
- 2014 **Signed a Joint Venture Agreement** with **Pinlon Hospital and 30th Street Clinic in Yangon, Myanmar** to establish the **first** premier liver centre based in Pinlon Hospital to provide treatment for liver diseases.

2014

2015  
–  
2018



2015

Successful placement of 30,000,000 new shares to a group of sophisticated investors.

Set up a Radiation Oncology division, **Asian American Radiation Oncology Pte Ltd** (subsequently changed to Asian American Radiation & Oncology Pte Ltd ("AARO")), led by Dr Daniel Yat Harn Tan.

Signed a **Memorandum of Understanding ("MOU") between AARO and Hwa Koon Engineering**, a specialist contractor in the healthcare industry, focusing on turnkey project design and building services with expertise in radiation shielding and bunker construction to explore collaborations in Asia.

2016

Successful placement of 57,000,000 new shares to a group of sophisticated investors.

Opened the **Pinlon Gastrointestinal & Liver Centre ("PGLC")** in Yangon, Myanmar.

Signed a **Service Agreement between AARO and Japan's Jisenkai Medical Corporation Aizawa Hospital**, following an earlier MOU.

2017

Partnered **Golden Land United Health Group Company Limited** to explore healthcare opportunities in Myanmar through **Gold Bell Asia American Healthcare Ventures Co., Ltd.**

**Signed a Joint Venture Agreement with Grand Hantha Company Limited** through Gold Bell Asia American Healthcare Ventures Co., Ltd to provide clinical services to **Grand Hantha International Hospital**.

Entered into a **Service Agreement with Hippocrates Development Sdn Bhd ("HDSB")**, to provide advice and project leadership for HDSB's development of a premium cancer treatment centre in Johor, Malaysia.

Entered into a **Conditional Agreement** to subscribe for 19,408,163 new shares or 95.1% in **HDSB**.

2018

On 6 March 2018, **MHV completed the acquisition of HDSB** and 40,000,000 new ordinary shares were issued to the His Majesty Sultan Ibrahim Ibni Almarhum Sultan Iskandar, the Sultan of Johor as part satisfaction of amount due to His Majesty as land vendor.

On 1 April 2018, **His Majesty Sultan Ibrahim Ibni Almarhum Sultan Iskandar**, the Sultan of Johor, **officially announced the launch of the Tunku Laksamana Johor Cancer Centre ("TLJCC")**.



# CHAIRMAN'S MESSAGE

Dear Shareholders,

On behalf of the Board of Directors of Asian American Medical Group ("AAMG" or the "Group"), I am pleased to present the Annual Report for the financial year ended 31 August 2018 ("FY2018").

This scorecard captures our return to profitability in the year under review and the significant progress in our regionalisation efforts, especially with regards to a proposed integrated cancer treatment centre in Iskandar, Johor, Malaysia ("the Johor Project").

Our financial recovery during the year in review validates our strategy of focusing on our medical specialisations and activities, our discipline in cost containment, and our tenacity in pursuing partnerships in countries from Myanmar and Malaysia to Russia and beyond.



**Dato' Dr Kai Chah Tan**  
Executive Chairman

## BUSINESS REVIEW

The private medical sector in Singapore is still grappling with challenges such as high healthcare costs, stiff regional competition as medical hubs spring up across Asia and the weakening of most Southeast Asian currencies - in particular the Indonesian Rupiah and the Malaysian Ringgit - against the Singapore dollar. The wider availability of medical expertise across Asia has resulted in lower patient traffic from Southeast Asia and the Middle East to Singapore.

Apart from cost management and quality control, we have been responding to these challenges by strategically expanding into specialised radiation and oncology, healthcare management and consultancy and forging key partnerships in the region. I am pleased to report that our efforts continue to bear fruit. Despite the challenging operating environment, our revenue rose 15.2% to S\$17.5 million this year from S\$15.2 million a year ago as overall patient transactions edged up 2.5% to 7,079 from 6,903 in FY2017.

## FINANCIAL PERFORMANCE

### Liver Segment

The Asian American Liver Centre ("AALC"), our wholly-owned one-stop provider of liver and hepatobiliary care and treatment, remained our major revenue contributor. Full-year turnover came to S\$12.7 million, even as patient transactions for this segment declined 0.6% to 6,494 in FY2018 from 6,530 last year. Our net loss in this segment narrowed to S\$0.7 million due to a cost reduction exercise in January 2018.

Although Singaporeans have become more cost-conscious in recent times, liver disease is a prevalent issue in the city-state; the National Organ Transplant Unit recently stated that the waiting list for liver transplants has risen from nine in 2007 to 52 as of mid-2018.

We carried out four Living Donor Liver Transplants ("LDLTs") this year, two fewer than in 2017. While this decline indicates that the financial cost of LDLTs remains challenging for Singaporeans, we remain confident in AALC's reputation and capabilities. The number of liver dialyses performed by AALC increased 67.8% during the year in review, underscoring our status as a trusted medical provider.

### Radiation and Oncology

The Group's subsidiary Asian American Radiation & Oncology ("AARO"), which was established in 2015, continues to grow steadily under the leadership of Dr Daniel Yat Harn Tan and remains a major revenue driver for us. We completed 585 patient transactions this year, an increase of 56.8% from 373 the previous year.

During the year in review, AARO also welcomed its new Consultant Radiation Oncologist, Dr David Boon Harn Tan, who brings to the AAMG team a decade's worth of experience with the National Cancer Centre Singapore. Moreover, I am pleased to inform you that AARO's clinical presence now spans five locations in Singapore, in addition to its existing body of overseas project management and consultancy services in Myanmar and Russia.

#### *Management and Consultancy Segment*

The revenue for our management and consultancy segment surged to S\$1.8 million in FY2018 from S\$30,000 in FY2017 due to professional services rendered for the development of the Johor Project. Other income also increased 100.0% to S\$0.4 million in FY2018 from S\$0.2 million in FY2017 due to the sale of two ambulances. The segment recorded a net profit of S\$1.1 million in FY2018, a positive swing from last year's net loss of S\$1.5 million.

Overall, the Group achieved a net profit after tax of S\$2.1 million in FY2018 across all segments, reversing a loss of S\$3.0 million a year ago. This included a deferred tax benefit of S\$0.2 million and a gain on purchase of S\$1.6 million after factoring in one-off expenses amounting to S\$0.7 million for professional fees for our potential listing migration. Without these one-off items, our net profit for FY2018 would have been S\$1.2 million.

### EXPANSION STRATEGY

#### *Hippocrates Development Sdn Bhd & The Johor Project*

On 6 March 2018, we completed the acquisition of Hippocrates Development Sdn Bhd ("HDSB"), an investment holding company incorporated in Malaysia. HDSB is the land owner and developer of the Johor Project, also known as the Tunku Laksamana Johor Cancer Centre ("TLJCC").

Following the transaction, AAMG holds 95.1% interest of HDSB's enlarged share capital and His Majesty, the Sultan of Johor, Sultan Ibrahim Ismail ibni Almarhum Sultan Iskandar Al-Haj, became a major shareholder of AAMG.

In line with AAMG's strategic initiatives, TLJCC will be built on HDSB's major asset, a five-acre freehold parcel of land in Iskandar Puteri, located in the Southern Malaysian state of Johor. During the Project Launch on 1 April 2018, His Majesty said that the comprehensive specialist cancer centre will initiate a number of "first" in Malaysia and the region and is an initiative by the Johor Royal Family to bring advanced cancer treatment to Johor.

The Johor Project will be a private, purpose-built facility for cancer treatment, research and education. It will feature state-of-the-art cancer diagnostic and treatment facilities which will not only change the operating environment for oncology in Southeast Asia but also have a significant impact on the Group's overall performance.

Phase 1 of the centre will have a gross development value of approximately RM300 million (US\$77 million) and built-up area of approximately 14,000 square meters (150,696 square feet), offering an ambulatory cancer facility comprising 30 day beds. At full capacity, Phase 1 of the centre will be able to treat up to 7,000 patients a year.

#### *Rosatom Healthcare*

Subsequent to the financial year, the Group signed a Memorandum of Understanding ("MoU") on 19 September 2018 with Russian nuclear medicine integrator, Rosatom Healthcare ("Rosatom"), to develop a nuclear medical centre alongside TLJCC in Iskandar Puteri.

Possible features of this centre include a cyclotron and radiochemical complex, as well as departments for radionuclide diagnostics and electron beam treatment. This development will help enhance TLJCC's treatment offerings and make it into a premier cancer treatment destination.

Both of these ventures illustrate our ability to attract international strategic partners of significant stature, as well as our determination to offer a differentiated value proposition as we chart new growth opportunities. These areas will be the combined focus of our team going forward: achieving excellence in delivering medical outcomes in our areas of specialisation while seeking to create or enhance value for all stakeholders.

### TEAM UPDATE

We welcome to our Board Mr Stuart Dean, who was appointed as Independent Non-Executive Director of AAMG on 1 May 2018. He is an experienced corporate advisor whose career spans more than 35 years in General Electric Inc.'s business functions in the United States and Asia; including sales, marketing, product management, capital markets and business development.

We are grateful to Mr Kong Meng Ang, who stepped down as Non-Executive Director on 5 February 2018 to focus other pursuits, for his service to the Group. We wish him the best in his future endeavours.

### APPRECIATION

On behalf of the team, I wish to convey my appreciation to all shareholders for your loyalty and support, and to AAMG's management team and staff for their hard work during the year.



**Dato' Dr Kai Chah Tan**  
**Executive Chairman**

# TUNKU LAKSAMANA JOHOR CANCER CENTRE

Graced By

**His Majesty Sultan Ibrahim Ibni Almarhum Sultan Iskandar**  
Sultan and Sovereign Ruler of the State and Territory of Johor Darul Ta'zim



## Tunku Laksamana Johor Cancer Centre Project Launch

The Tunku Laksamana Johor Cancer Centre (“TLJCC” or the “Johor Project”) was officially launched by His Majesty Sultan Ibrahim Ibni Almarhum Sultan Iskandar, the Sultan of Johor, on 1 April 2018. TLJCC is being established in memory of Almarhum Tunku Abdul Jalil Iskandar Ibni Sultan Ibrahim, Tunku Laksamana Johor, who died from liver cancer in 2015 at age 25. The Prince was His Majesty’s third son and was known for his philanthropic nature.

Led by AAMG, TLJCC will be a private, advanced purpose-built facility for cancer treatment, set up in the heart of Iskandar.

**“Tunku Jalil often went out of the way to visit, encourage and inspire other cancer patients and survivors. He promised to fight for their cause and ease the burden of cancer patients. My family and I will continue what Tunku Jalil had hoped to accomplish – to ensure that his legacy lives on,”**

His Majesty said.



## PROFILE OF BOARD OF DIRECTORS



### Dato' Dr Kai Chah Tan

Executive Chairman  
D.P.M.P., MBBS (MAL), FRCS (EDIN), FAMS

Dato' Dr Kai Chah Tan serves as the Executive Chairman of AAMG. He is also the Executive Chairman of Asian American Liver Centre Pte Ltd ("AALC") and the Director of Asian American Medical Group Inc ("AAMG Inc"), Asian American Radiation & Oncology Pte Ltd ("AARO"), Asian American Medical Group Pte Ltd ("AAMGPL"), Million Health Ventures Pte Ltd ("MHV"), Asian American Oncology Management Sdn Bhd ("AAOM") and Hippocrates Development Sdn Bhd ("HDSB"), all of which are subsidiaries of AAMG. Dr Tan is the Lead Surgeon (Hepatobiliary/Transplant) of AALC.

Dr Tan graduated from the University of Malaya in 1978 before obtaining his Surgical Fellowship from the Royal College of Surgeons, Edinburgh in 1982. From 1984 to 1987, he received advanced training in paediatric surgery in Manchester and Southampton, U.K. and further training in paediatric hepatobiliary surgery and liver transplant surgery at King's College Hospital ("KCH"), London. Dr Tan was Consultant Liver Surgeon at KCH and taught surgery at the University of London from 1988 to 1994.

Pioneering various liver transplant procedures in the U.K. for both adults and paediatric patients from the first 'split-liver' transplant and the first auxiliary liver graft to five liver-kidney and two heart-liver transplants, Dr Tan has received many accolades from his peers, patients and their families alike.

Having completed more than 400 liver transplant procedures in the U.K. under his belt, Dr Tan set up his practice, the Asian Centre for Liver Diseases & Transplantation ("ACLDT"), in Gleneagles Hospital, Singapore in 1994. Dr Tan was also appointed the Director of the Liver Transplant Programme, National University Hospital ("NUH"), Singapore from 1995 to 2002.

In April 2002, the first successful adult-adult LDLT in Southeast Asia was performed in Gleneagles Hospital, Singapore. Dr Tan and his team have successfully performed more than 200 LDLTs - the only private centre in Southeast Asia to reach this historic milestone. He has published extensively, including co-editing a textbook on 'The Practice of Liver Transplantation', and lectured on the subjects of hepatobiliary and liver transplantation surgery.



### Mr Evgeny Tugolukov

Non-Executive Director  
B Econ

Mr Evgeny Tugolukov holds a degree in Economics and Enterprise Management from the Ural State Technical University ("USTU") in Russia. He is the President and Founder of Strongbow Investments Pte Ltd ("Strongbow") which was founded to create more linkages between Russia and Singapore/Southeast Asia to create new business visions and ideas as well as strengthen the bilateral cultural communications.

Mr Tugolukov has over 20 years of rich entrepreneurial background in various businesses. Under his management, several sizeable holdings were created, including one of Russia's largest power machine-building companies, PJSC EMAlliance. He is currently involved in industries such as agriculture, healthcare and real estate development. Having established a successful track record in the business field, Mr Tugolukov became an Honorary Business Representative of Enterprise Singapore in Russia.

Mr Tugolukov was appointed as Non-Executive Director of AAMG on 3 June 2013 and is also a member of the Nomination and Remuneration Committee.

## PROFILE OF **BOARD OF DIRECTORS**



**Mr Heng Boo Fong**

Independent Non-Executive Director  
B Acc (Hons)

Mr Heng Boo Fong is an Independent Non-Executive Director and is also the Chairman of the Audit Committee and Nomination and Remuneration Committee of AAMG.

Mr Fong studied at the University of Singapore (now known as the National University of Singapore, "NUS") and graduated in 1973 with an Honours Degree in Accountancy. He has over 44 years of working experience in auditing, finance, business development and corporate governance.

He was with the Auditor-General's Office, Singapore, from 1975 to 1993. He held the appointment of Assistant Auditor-General when he left the Auditor-General's Office. He was also General Manager (Corporate Development) of a listed company in Singapore as well as the Chief Financial Officer of a listed company in Australia. His other professional experience includes membership of Audit Committees of Statutory Boards and Advisory Committees of the School of Accountancy of Nanyang Technological University, Singapore and Ngee Ann Polytechnic, Singapore. Mr Fong was a Fellow Member of the Institute of Singapore Chartered Accountants. He was a council member of the then Institute of Certified Public Accountants of Singapore ("ICPAS") (now known as the Institute of Singapore Chartered Accountants ("ISCA")), and ICPAS awarded him a silver medal in 1999.

Mr Fong is also presently an Independent Director of four companies listed on the SGX-ST.



**Mr Paul Vui Yung Lee**

Independent Non-Executive Director  
B Bus (MIS)

Mr Paul Vui Yung Lee has over 20 years' experience in business development, quality control and cost management. He has been serving on a few boards of companies in Malaysia and Australia. He has diverse experience across a broad range of industries and international businesses that includes public utilities infrastructure construction, building materials, property development, and oil palm plantations. With a Business Degree from Edith Cowan University in Perth and strong analytical skills, he has aided companies in both identifying and implementing strategic growth opportunities.

Mr Lee was appointed to the Board on 31 January 2013. He is a member of the Nomination and Remuneration Committee and Audit Committee.



## PROFILE OF BOARD OF DIRECTORS



**Ms Jeslyn Jacques Wee Kian Leong**

Independent Non-Executive Director



**Mr Stuart L Dean**

Independent Non-Executive Director  
BA Econ & PSC, M.B.A.

Ms Jeslyn Leong was a Fellow of the Association of Chartered Certified Accountants (United Kingdom) with 25 years of extensive experience in the field of corporate finance, which included tenure as a Financial Accountant of Teys Australia Pty Ltd, Australia's leading beef processor and exporter.

Ms Leong joined AAMG as an Independent Non-Executive Director on 1 January 2012. She is currently an Accountant with Orrcon Steel, a wholly-owned subsidiary of BlueScope Steel Limited (listed on ASX), a leading Australian distributor and manufacturer of steel, tubes and pipes. In this role, she obtained extensive experience in manufacturing management.

Ms Leong is a member of the Audit Committee.

Mr Stuart Dean is an experienced senior advisor and director whose professional career spans over 35 years within General Electric, Inc's business functions in the United States and Asia; including sales, marketing, product management, capital markets and business development. As the former President and Chief Executive Officer of General Electric International Inc. ("GEII") in Kuala Lumpur, Malaysia, he oversaw all of GEII's operations within the ASEAN region. He retired from GE in April 2015 and joined ASEAN Advisory Pte Ltd (a subsidiary of ZICO Holdings Inc.) as Senior Advisor.

Mr Dean holds various directorships and advisory positions at Air Asia Bhd, ASEAN Advisory Pte Ltd, Duke University Trinity College, Harvard Business School Asia, Junior Achievement Malaysia, Junior Achievement Asia, Malaysian Investment Development Authority and Orbis ASEAN.

Mr Dean was appointed to the Board on 1 May 2018 as an Independent Non-Executive Director.

## PROFILE OF DOCTORS AND KEY MANAGEMENT



**Dr Kang Hoe Lee**

Respiratory Physician & Intensivist  
(Critical Care & Liver Transplant)  
MA (U.K.), MBBChir (U.K.), MRCP (U.K.), FRCP (EDIN),  
FAMS (SIN), EDIC (EUR)

Dr Kang Hoe Lee graduated from University of Cambridge, U.K. He was a scholar at Jesus College, Cambridge and a recipient of the Duckworth Prize. He also received support from Kuok Foundation, Malaysia for his medical studies. Dr Lee interned with Professor Sir Roy Calne at Addenbrooke's Hospital and finished his general medicine training at Cambridge before coming to Singapore. In 1990, he joined the Department of Medicine at the National University Hospital ("NUH"), Singapore. Dr Lee completed his Fellowship in Critical Care Medicine at the UPMC in the U.S. from 1993 to 1995, and was awarded Fellow of the Year in 1994. From 1994 to 1995, Dr Lee performed research with Professor Michael Pinsky at UPMC on acute lung injury.

On his return to Singapore, Dr Lee joined NUS as a Lecturer in Medicine and was promoted to Associate Professor. He was also the Medical Director of the ICU at NUH, where he started the liver dialysis programme in 2000.

Dr Lee was with NUS until 2005 when he joined Gleneagles Hospital, Singapore as Director of the ICU. Since then, he has been working together with AALC. Dr Lee has expanded the liver dialysis programme to include other devices and also helped set up the dedicated liver ICU where he has been active in the management of liver failure and liver transplant patients.

Dr Lee was one of the founding members of the Society of Intensive Care Medicine and was also a previous member of the Specialist Training Committee for Intensive Care Medicine and Respiratory Medicine.

He has published extensively in the areas of critical care and liver transplant, and has also been involved in various research protocols together with scientists at NUS and A\*STAR in Singapore.



**Dr Daniel Yat Harn Tan**

Radiation Oncologist & Medical Director  
(Stereotactic Radiosurgery (SRS/SBRT),  
Brain and Spine, Breast and Prostate Cancers)  
MBBS (SIN), FRCR (Clinical Oncology, U.K.),  
FAMS (Radiation Oncology)

Dr Daniel Yat Harn Tan is consultant radiation oncologist and medical director of AARO, the radiotherapy and oncology division of AAMG. Before joining AARO, he was consultant radiation oncologist at the National Cancer Centre Singapore ("NCCS") and clinical lecturer at the Yong Loo Lin School of Medicine at NUS. His clinical interest is in stereotactic radiosurgery and stereotactic body radiation therapy ("SRS/SBRT"), and he specialises in the management of the central nervous system, prostate and breast cancers.

After completing his MBBS at the NUS in 2002, he went on to obtain the FRCR in Clinical Oncology in 2011 at the Royal College of Radiologists, U.K. He then underwent training with a focus on neuro-oncology at international premier centres, which included Proton Therapy at University of Pennsylvania's Roberts Proton Therapy Center, U.S., Spine Radiosurgery at Princess Margaret Hospital and Sunnybrook's Odette Cancer Centre, Toronto, and Advanced Radiation Technologies at Tokyo Metropolitan Komagome Hospital in Japan.

Together with his mentors, he was instrumental in the development of the Novalis Brain Stereotactic Radiosurgery Program at NCCS and subsequently developed the Novalis Spine Stereotactic Radiosurgery Program after his return from his Health Manpower Development Programme ("HMDP") Award training.

His research involves the application of SRS and SBRT in benign and malignant tumours of the brain and spine, as well as in oligometastatic and prostate cancers. His research have been presented at major international conferences, and he is frequently invited to lecture on these subjects in regional meetings. He has written and published on the topics of neuro-oncology, SRS and SBRT.

Apart from his Clinical Practice, Dr Tan also leads and manages several local and overseas Cancer Centres in the establishment of good clinical and operational standards so as to expand access to quality cancer care. In collaboration with renowned American institutions, these centres have received certifications after passing onsite audits. Dr Tan earned an MBA with specialization in Healthcare Management from NUS Business School as he believes that the good management effects good medicine.

## PROFILE OF DOCTORS AND KEY MANAGEMENT



### Dr Jonathan Yi Hui Teh

Radiation Oncologist

(Stereotactic Radiosurgery (SRS/SBRT), Pediatric, Urologic, Gastrointestinal Cancers and Sarcoma)  
MBBS (SIN), FRCR (Clinical Oncology, U.K.),  
FAMS (Radiation Oncology)

Dr Jonathan Yi Hui Teh is a consultant radiation oncologist at AARO, the radiotherapy and oncology division of AAMG. Prior to joining AARO, he was a consultant at NCCS, where he had served in various roles since 2006. He specialises in genitourinary and gastrointestinal cancers, as well as bone and soft tissue sarcomas and paediatric cancers.

After completing his MBBS at NUS in 2002, Dr Teh commenced a Radiation Oncology residency at NCCS in 2007. He received the Singhealth HMDP Award for Advanced Training in Clinical Oncology in 2009 and was an Honorary Clinical Fellow in the University College Hospital London Oncology department from 2009 to 2011. He was also active in the London Sarcoma Service, providing patient care and participating in clinical trials. In 2011, he received the Fellowship of the Royal College of Radiologists ("FRCR U.K.") in Clinical Oncology.

Upon returning to Singapore, Dr Teh was admitted as a Fellow of the Academy of Medicine of Singapore's ("FAMS") Chapter of Radiation Oncology and commenced work as a Consultant Radiation Oncologist at NCCS. In 2012, he joined the NCCS Blood Transfusion Committee until July 2017 and also received the Singhealth Doctor's Long Service Award.

Dr Teh's research interests include advanced radiotherapy for prostate cancer treatment. He was the Principal Investigator of a Phase II Trial in Stereotactic Ablative Body Radiotherapy for Low-Intermediate Risk Prostate Cancer from 2013 to 2017, which was Southeast Asia's first trial of this non-invasive technique.

Dr Teh's research has been presented at international conferences, and he has also been invited to speak on these subjects in regional meetings. He has written and published extensively on the subject of sarcoma treatment.



### Dr David Boon Harn Tan

Radiation Oncologist

(Stereotactic Radiosurgery (SRS/SBRT), Gynaecological, Gastrointestinal & Lung Cancers)  
MBBS (SIN), FRCR (Clinical Oncology, U.K.),  
FAMS (Radiation Oncology)

Dr David Tan is a Consultant Radiation Oncologist at AARO. His clinical expertise is in the management of gynaecological, gastrointestinal, hepato-biliary and lung cancers, and in the use of Stereotactic Body Radiotherapy ("SBRT") and Brachytherapy. Prior to joining AARO, Dr Tan was a consultant at the National Cancer Centre, Singapore, where he served for 10 years and pioneered the liver and pancreas SBRT programmes. He was also previously adjunct assistant professor at the Duke-NUS Graduate Medical School and a clinical lecturer at the Nanyang Polytechnic School of Radiation Therapy.

Dr Tan graduated from the NUS in 2005 with a MBBS and commenced training in Radiation Oncology in 2007. He was awarded a Health and Manpower Development Award by the Singapore Ministry of Health in 2011 to undergo a Fellowship in Clinical Oncology in the U.K. There, he obtained advanced training in general oncology and honed his stereotactic and subspecialty expertise. He was an active member of the Stereotactic Cyberknife team and trained under renowned expert in the fields of gynaecological, GI and lung cancers. He subsequently obtained the FRCR in Clinical Oncology in 2013 and was admitted as a Fellow of the Academy of Medicine, Singapore ("FAMS") in Radiation Oncology in 2014.

Dr Tan currently serves as an executive committee member in the Singapore Radiological Society ("SRS") where he holds the office of honorary treasurer. He remains involved in clinical research and has published widely on his areas of clinical expertise in high impact oncology journals.

## PROFILE OF DOCTORS AND KEY MANAGEMENT



### Mr Cherinjit Kumar Shori

Group Chief Operating Officer  
B Acc, PGDip Marketing & Healthcare

Mr Cherinjit Kumar Shori has held the position of Group Chief Operating Officer at AAMG since 2009. He is responsible for the company's marketing, business development and operations.

Before joining AAMG, Mr Shori was the Group Vice President/Deputy Chief Marketing Officer for Parkway Pantai where he served for 10 years' in strategic marketing, business development and regional expansion to increase the market share for its group of hospitals in Singapore.

In total, Mr Shori has more than 20 years' experience in the healthcare and hospitality industries covering business development and marketing in various companies including Sun Cruises and Sembawang Leisure (a subsidiary of Sembawang Corporation).

He holds a Bachelor of Accountancy degree from the Nanyang Technological University in Singapore as well as an Graduate Diploma in Marketing from the Singapore Institute of Management and a Certificate in Healthcare Management from Georgetown University, U.S.

Mr Shori has also been invited to speak at international conferences such as Internationale Tourismus-Börse Berlin (ITB Berlin) Conference, where he shared his experience in the future of global medical tourism.



### Mr Meng Yau Yeoh

Group Chief Financial Officer  
FCA (S'pore), FCCA (U.K.), CA (M'sia)

Mr Meng Yau Yeoh obtained his professional accounting qualification from the Association of Chartered Certified Accountants (United Kingdom) ("ACCA") in 1994 and has over 22 years' experience in auditing, finance and business development.

He started his career at the then, KPMG Peat Marwick in 1995 and left as an Audit Senior in 1998. After spending four years in the Big 4 audit firm, Mr Yeoh spent the decade spanning 1999 to 2009 working in senior positions in several listed and privately-owned companies involved in a wide range of industries ranging from property development, construction, information technology and investment holdings to service and hospitality in Singapore, Malaysia and Australia. During that period, he was involved in two successful main board Initial Public Offerings in Singapore as well as listing exercises and trade sales in Germany and U.K.

Mr Yeoh is a Fellow Member of the Institute of Singapore Chartered Accountants ("ISCA"), Fellow Member of the ACCA and a Chartered Accountant registered with the Malaysian Institute of Accountants ("MIA"). He joined AAMG as Group Financial Controller in December 2009 and subsequently appointed as Group Chief Financial Officer in March 2013.

PROFILE OF  
**DOCTORS AND KEY MANAGEMENT****Angela Choong**

Chief Commercial Officer  
CA (S'pore), FCMA (U.K.)

Ms Angela Choong joined AAMG as Chief Commercial Officer in August 2015 to head the Commercial Division, responsible for the project and commercial management.

Before joining AAMG, Ms Choong held the positions of finance director and regional financial controller with a European MNC in manufacturing. She has over 25 years' of regional business partnering experience with a strong track record of finance, risk management, management of new factory construction projects, and implementation of business improvement projects across China, Taiwan, Hong Kong and Southeast Asia.

Ms Choong is a fellow member of Chartered Institute of Management Accountants United Kingdom ("CIMA") and member of the Institute of Singapore Chartered Accountants ("ISCA").

## FINANCIAL REVIEW

Year ended 31 August	2018 S\$'000	2017 S\$'000	Changes %
Revenue	17,477	15,167	15.2
Other income	405	207	95.7
Gain on purchase, relating to acquisition of HDSB	1,561	-	n.m
Direct costs and operating expenses	(17,548)	(18,255)	(3.9)
Share of results of associates	2	-	n.m
Profit/(Loss) before tax	1,897	(2,881)	n.m
Taxation	170	(150)	n.m
Profit/(Loss) after taxation	2,067	(3,031)	n.m
<b>Profit/(Loss) attributable to:</b>			
Members of the parent entity	1,951	(3,093)	n.m
Non-controlling interest	116	62	87.1
	2,067	(3,031)	n.m
Total share capital and reserves	15,437	9,605	60.7

	2018 S Cents	2017 S Cents
Basic earning/(loss) per share	0.62	(1.04)
Net asset value per share	5.19	3.23
Net tangible asset value per share	5.19	3.23

*n.m – not meaningful*

The Group's revenue rose to S\$17.5 million for the financial year ended 31 August 2018 ("FY2018"), representing an increase of 15.2% or S\$2.3 million from S\$15.2 million for the financial year ended 31 August 2017 ("FY2017"), due mainly to significant improvements in the radiation and oncology and healthcare management and consultancy segments.

Our radiation and oncology segment recorded higher patient volume in FY2018 with the addition of a Radiation Oncologist during the financial year, resulting in revenue increasing 53.6% to S\$3.0 million in FY2018.

Revenue for the healthcare management and consultancy segment increased to S\$1.8 million in FY2018, due to fees for preliminary work performed in relation to the development of the integrated cancer centre in Johor, Malaysia. Following that, the Group completed the acquisition of Hippocrates Development Sdn Bhd ("HDSB"), the land owner and developer of the Johor Project, on 6 March 2018, signalling its foray into healthcare real estate and the expansion of its radiation and oncology segment into Malaysia.

The Group recorded a 2.5% rise in overall patient transactions to 7,079 from 6,903 in FY2017. The corresponding Net Profit after Tax ("Net Profit") was S\$2.1 million in FY2018, after accounting for a deferred tax benefit of S\$0.2 million, reversing a Net Loss after Tax ("Net Loss") of S\$3.0 million in FY2017. The Net Profit included a gain on purchase of S\$1.6 million relating to the acquisition of HDSB, as well as one-off expenses amounting to S\$0.7 million relating to professional fees incurred for the Group's exploration of a potential listing migration from ASX to the SGX. Without these one-off items, the Group's Net Profit would have been S\$1.2 million.

# FINANCIAL REVIEW

## LIVER SEGMENT

Revenue for AALC, the Group's wholly-owned subsidiary operating in the liver segment, was S\$12.7 million in FY2018, a decline of 3.6% or S\$0.5 million from S\$13.2 million in FY2017. Patient transactions for this segment declined marginally by 0.6% with 6,494 patient transactions in FY2018 compared to 6,530 in FY2017.

Although an increase is seen in the professional fees and number of liver dialysis of 9.3% and 67.8% in FY2018, it was offset by the decrease in other activities such as surgeries, fibroscans and medication sales of 25.8%, 16.8% and 18.9% respectively. There were fewer LDLT performed during the year in review, with four completed in FY2018 compared to six in FY2017.

Direct costs decreased by 4.7% or S\$0.4 million to S\$8.2 million from S\$8.6 million in line with the lower revenue. The marginally higher reduction in direct costs compared to revenue was due to a higher volume of sales mix from clinical procedures with higher Gross Profit Margin ("GPM"). As a result, the overall GPM increased to 35.4% in FY2018 from 34.5% in FY2017.

Despite the lower revenue, Net Loss narrowed by 86.3% or S\$0.7 million due mainly to the cost reduction exercise implemented in January 2018. Although the Group increased its headcount to 31 in FY2018 from 28 in FY2017, employee benefits expenses – AALC's main cost component (constituting approximately 79% of total expenses) – decreased by 9.8% or S\$0.4 million to S\$3.7 million in FY2018 from S\$4.1 million in FY2017 as a result of reductions to salaries and bonuses.

The liver segment accounted for 72.7% of the Group's revenue in FY2018 compared to 86.9% in FY2017. Although it remains the Group's largest revenue contributor, its share of contributions has declined due to the growing contribution from other segments.

## RADIATION AND ONCOLOGY SEGMENT

Revenue for the Group's radiation and oncology unit, AARO, continued its growth momentum with a 53.6% or S\$1.0 million increase to S\$3.0 million in FY2018 from S\$2.0 million in FY2017. This was driven by the 56.8% increase in patient transactions to 585 from 373 in FY2017. AARO increased its number of doctors to three with the recruitment of another Radiation Oncologist, Dr David Tan, in March 2018. In addition, AARO expanded its clinical presence to five locations in Singapore. Provision of clinical services to patients accounted for 96.0% of AARO's total revenue, with the balance from overseas project management and consultancy services carried out in Russia and Myanmar.

Direct costs increased by 58.3% or S\$0.7 million to S\$1.9 million in FY2018 from S\$1.2 million in FY2017, in line with the increase in revenue. The marginally higher increase in direct costs compared to revenue was due to a higher volume of sales mix from clinical procedures with lower GPM. As a result, the overall GPM declined slightly to 36.9% in FY2018 from 41.0% in FY2017.

Other operating expenses increased by 50.0% or S\$0.3 million to S\$0.9 million in FY2018 from S\$0.6 million in FY2017 as a result of the expanding operations. AARO's headcount increased from four to seven to cater for the larger operations, resulting in AARO's employment cost increasing from S\$0.5 million to S\$0.6 million in FY2018. Operating lease increased to S\$72,000 in FY2018, up S\$69,000 from S\$3,000 in FY2017, as AARO started new clinics in four more locations: Mount Alvernia Hospital, Mount Elizabeth Novena Hospital, Farrer Park Hospital and Concord International Hospital.

As a result of the above, Net Profit increased by 100.0% or S\$0.2 million to S\$0.4 million in FY2018 from S\$0.2 million in FY2017, after recording deferred tax benefit of S\$0.2 million. AARO remains the Group's second-largest revenue contributor, accounting for 17.3% (2017: 13.0%) of the Group's revenue in FY2018.

## MANAGEMENT AND CONSULTANCY SEGMENT

Revenue for the management and consultancy segment increased significantly to S\$1.8 million in FY2018 from S\$30,000 in FY2017. The increase was attributable to professional services rendered to HDSB in relation to the development of the Johor Project prior to HDSB's acquisition. Professional services rendered to HDSB post-acquisition have been eliminated at the Group level.

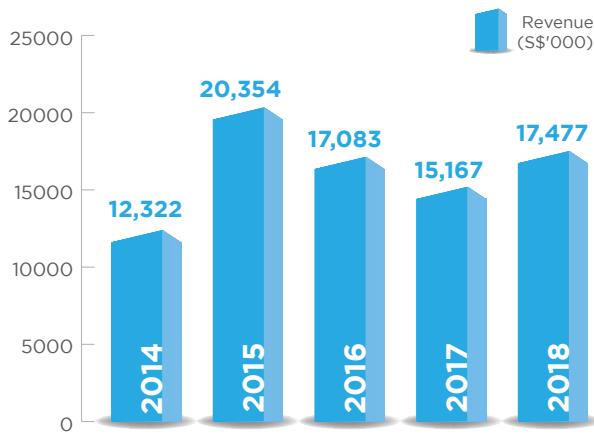
Other income increased to S\$0.4 million in FY2018, up 100.0% or S\$0.2 million from S\$0.2 million in FY2017, due mainly to the sale of two ambulances which brought in a one-off net trading profit of S\$0.2 million. Net Profit from the management and consultancy segment came to S\$1.1 million in FY2018, reversing a net loss of S\$1.5 million in FY2017.

The Group's other operating expenses declined to S\$1.0 million in FY2018, down by 35.0% or S\$0.6 million from S\$1.6 million in FY2017, largely attributable to unrealised exchange gain arising from the weakening of AUD against SGD on foreign-denominated intercompany loans, amounting to S\$0.7 million.

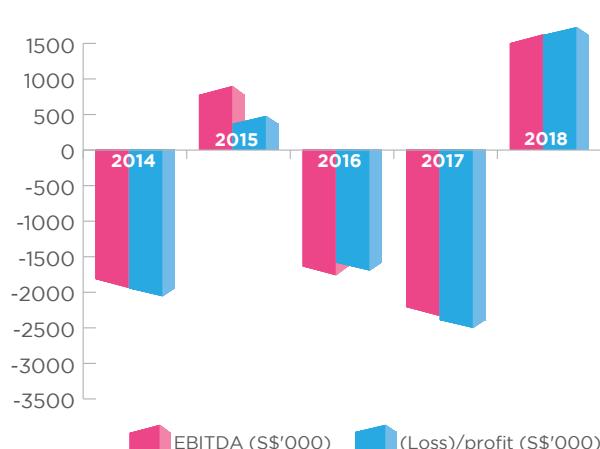
## FINANCIAL REVIEW

As a result of the above, the Group recognised a Net Profit of S\$2.1 million in FY2018, reversing a net loss of S\$3.0 million in FY2017.

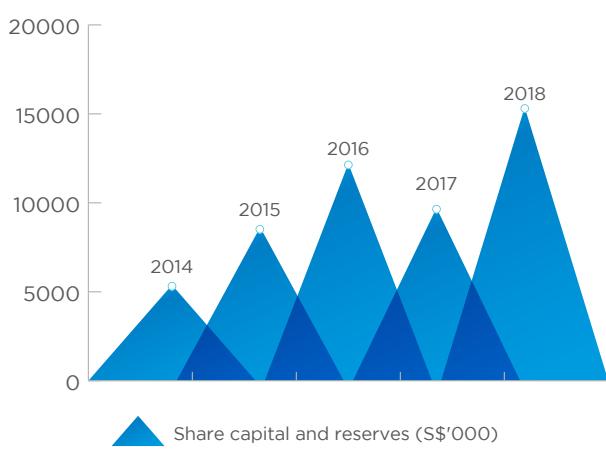
### REVENUE



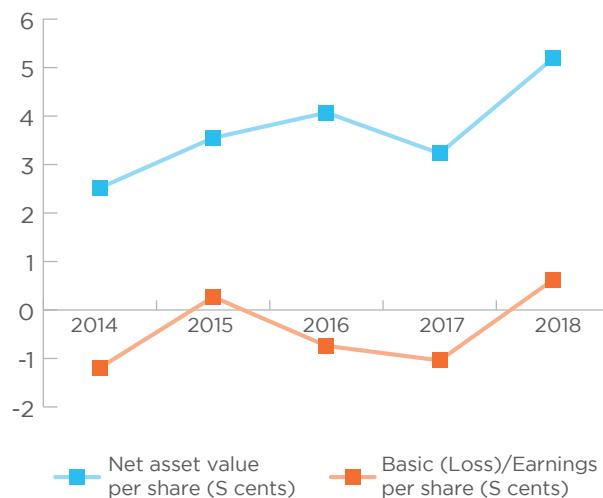
### EBITDA AND PROFIT/(LOSS) AFTER TAX



### SHARE CAPITAL AND RESERVES



### EPS AND NAV



### REVIEW OF FINANCIAL POSITION

Net assets for the Group increased by 60.7% or S\$5.8 million to S\$15.4 million in FY2018 from S\$9.6 million in FY2017. This was due to Net Profit for the year of S\$2.1 million and an increase in share capital as a result of the issuance of 40 million new shares; partially offset by the decrease in foreign currency translation reserve of S\$1.0 million, due to the weakening of AUD against SGD.

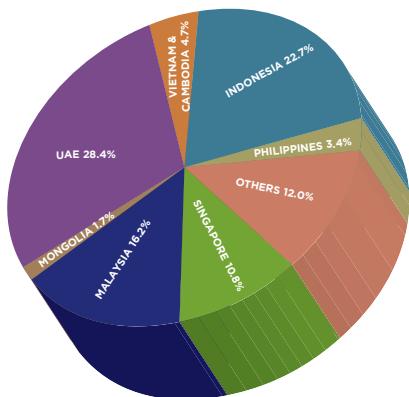
Significant changes during the year under review were:

- Decrease in cash and cash equivalents by 2.7%, or S\$0.3 million, to S\$8.9 million in FY2018 (FY2017: S\$9.2 million) due to the engagement of professional services for the development of the Johor Project;
- Increase in property, plant and equipment by S\$8.9 million to S\$9.0 million in FY2018 (FY2017: S\$69,000) relating to the land and building for the development of the Johor Project, which has been consolidated from HDSB at the Group level;
- Increase in investment in joint venture by S\$69,000 in FY2018 (FY2017: nil) due to the incorporation of All-Star American Medical Specialists (Myanmar) Limited (“AAMS”);
- Increase in deferred tax asset by S\$0.2 million in FY2018 (FY2017: nil) due to recognition of unutilised tax losses at entity’s level;
- Decrease in trade and other receivables by 54.0%, or S\$3.3 million, to S\$2.8 million in FY2018 (FY2017: S\$6.1 million) due to a shorter collection period for trade receivables, despite the 15.2% increase in revenue from improved collection;
- Decrease in trade and other payables by 5.0%, or S\$0.3 million, to S\$5.6 million in FY2018 (FY2017: S\$5.9 million) due to a shorter payment period for trade payables, despite the 16.2% increase in direct costs.

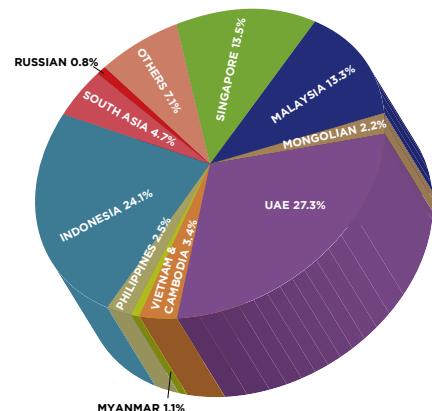
## FINANCIAL REVIEW

Given the above, Net Asset Value ("NAV") per share rose by S 2.0 cents to S 5.2 cents in FY2018 from S 3.2 cents in FY2017.

**AALC- TRANSACTION BY PATIENTS NATIONALITY % FY 2018**



**AALC- TRANSACTION BY PATIENTS NATIONALITY % FY 2017**

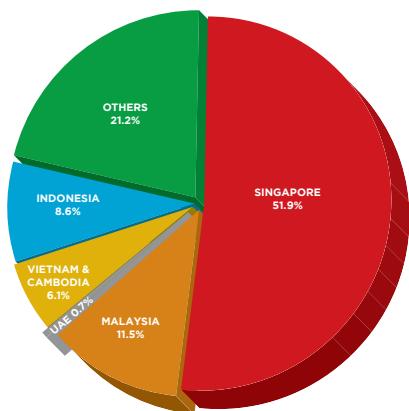


### PATIENT NATIONALITY MIX FOR LIVER SEGMENT

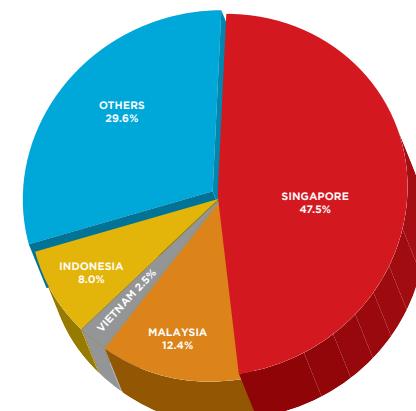
The UAE region still forms a substantial part of the revenue contribution for our liver segment in FY2018, a percentage of 28% of the entire patient population as compared to 27% in FY2017. The revenue contribution from these UAE patients amounted to 65% of AALC's revenue, a slight drop from 71% in FY2017. The changes in the proportion of patient origin reflects AAMG's effort in bringing in patients from other regions such as India and Burmese.

Patients from Indonesia, Malaysia and Singapore also forms a major part of our patient profile, accounting for 23%, 16% and 11% respectively, with a collectively contribution of 50%, a steady trend as compared to 51% in FY2017.

**AARO - TRANSACTION BY PATIENTS NATIONALITY % FY 2018**



**AARO - TRANSACTION BY PATIENTS NATIONALITY % FY 2017**



### PATIENT NATIONALITY MIX FOR RADIATION AND ONCOLOGY SEGMENT

Singaporeans remain as the major revenue contributor for the radiation and oncology segment, follow up by Malaysian and Indonesian, accounting for 52%, 12% and 9% of the total patient population in FY2018 respectively. This total of 73% is an increase as compared to a collectively proportion of 68% in FY2017. The patient revenue from these countries form 65% of the total AARO's revenue in FY2018.

# CORPORATE GOVERNANCE STATEMENT

The Board of Asian American Medical Group Limited (“AAMG”) seeks to practise the highest ethical and commercial standards while executing its responsibilities in directing the business and affairs of the Company on behalf of its shareholders.

The Board of AAMG has considered the principles of good corporate governance and best practice recommendations as published by the ASX Corporate Governance Council (“ASXCGC”). ASX Listing Rule 4.10.3 requires the Company to disclose the extent to which it follows or diverges from these best practice recommendations in its Annual Report.

This report discloses corporate governance practices the Board would like to highlight to stakeholders.

Additional information relating to corporate governance practices that the Company has adopted can be found on the Company's web site: [www.aamg.co](http://www.aamg.co).

## THE ROLE OF THE BOARD & MANAGEMENT

The Company has formalised and disclosed the roles and responsibilities of the Board and those delegated to senior management.

The Board of the Company is responsible for the overall corporate governance of the AAMG, including its ethical behavior, strategic direction, establishing goals for management and monitoring the achievement of those goals with a view to optimising Company performance and maximising shareholder value.

The role of management is to support the Executive Director and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Full details of the matters reserved to the Board and to senior management are available on the Company's web site at [www.aamg.co](http://www.aamg.co).

Scheduled meetings of the Board are held at least four times a year and the Board meets on other occasions to deal with matters that require attention between scheduled meetings. The responsibility for the operation and administration of the consolidated entity is delegated by the Board to the senior management.

The Board is responsible for:

- Setting the strategic direction of the Company and establishing goals to ensure these strategic objectives are met;
- Appointing the senior management, setting objectives for the senior management and reviewing performance against those objectives, ensuring appropriate policies and procedures are in place for recruitment, training, remuneration and succession planning;
- Monitoring financial performance including approval of the annual and half-yearly financial reports and liaison with the Company's auditors;
- Ensuring that risks facing the Company and its controlled entities have been identified ensuring that appropriate and adequate controls, monitoring and reporting mechanisms are in place;
- Receiving detailed briefings from senior management on a regular basis during the year;
- Approving the Board of Directors of subsidiary companies; and
- Ensuring the Company complies with the law and conforms to the highest standards of financial and ethical behavior.

AAMG has obligations to its stakeholders to ensure the Company is managed with appropriate due diligence and that all necessary processes are implemented to minimise risk and maximise business opportunities.

To this end, all commercial arrangements, capital expenditure, operational expenditure and other commitments are appropriately documented and have been authorised by either the Executive Director or the Board as appropriate.

The composition of the Board is determined in accordance with the Company's constitution and the following principles and guidelines:

- The Board should comprise of at least three directors with at least two non-executive directors;
- The Board should comprise of directors with an appropriate range of qualifications and expertise; and
- The Board should meet formally at least four times per annum and informally on an “as required” basis with all directors being made aware of, and having available, all necessary information, to participate in an informed discussion of all agenda items.

# CORPORATE GOVERNANCE STATEMENT

## DIRECTORS IN OFFICE

At the date of this statement, the following directors are considered independent by the Board:

Name	Position	Independent
Mr Heng Boo Fong	Non-Executive Director	Yes
Mr Paul Vui Yung Lee	Non-Executive Director	Yes
Ms Jeslyn Jacques Wee Kian Leong	Non-Executive Director	Yes
Mr Stuart L Dean	Non-Executive Director	Yes

The skills, experience, expertise and tenure of each director are disclosed in the Directors' Report within this Annual Report.

## DIRECTOR INDEPENDENCE

The Board considers four of AAMG's directors as independent under the guidelines.

In assessing the independence of directors, the Board follows the ASX guidelines as set out:

An independent director is a non-executive director (i.e. is not a member of management) and:

- Is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- Within the last three years has not been employed in an executive capacity by the Company or another Group member, or been a director after ceasing to hold any such employment;
- Within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another Group member, or an employee materially associated with the service provided;
- Is not a material supplier or customer of the Company or other Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- Has no material contractual relationship with the Company or another Group member other than as a director of the Company;
- Has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company; and
- Is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

ASXCGC Recommendation 2.1 states that the majority of directors of the Company should be independent and AAMG does comply with that recommendation.

Where additional skills are considered necessary for specific purposes, access is made to independent professional advice at the expense of the Company. Such advice is to be shared amongst the directors.

## CHAIRMAN

Due to the size of the Company, Dato' Dr Kai Chah Tan is the Company's Chairman. While recognising that the ASXCGC recommends that the chairperson be independent, the Company feels that the strong independence exercised by the other Board members mitigates any negative impact on the Company that it may have.

## APPOINTMENT TO THE BOARD

Where a casual vacancy arises during the year, the Board has procedures to select the most suitable candidate with the appropriate experience and expertise to ensure a balanced and effective Board. Any director appointed during the year to fill a casual vacancy or as an addition to the current Board, holds office until the next Annual General Meeting and is then eligible for re-election by the shareholders.

New directors receive a letter of appointment which sets out the terms of their appointment. On appointment, an induction programme is available to directors that include one-on-one sessions with members of the senior management team.

# CORPORATE GOVERNANCE STATEMENT

## EVALUATION OF SENIOR EXECUTIVES

Senior executives, including the Group Chief Operating Officer, Group Chief Financial Officer or Chief Commercial Officer have a formal job description and letter of appointment describing their term of office, duties, rights, responsibilities and entitlements upon termination.

The performance of senior executives is reviewed annually before the budgets are approved for the next financial year. This process is a formal one with the executive's performance assessed against Company, division and personal benchmarks by the Nomination and Remuneration Committee. Benchmarks are agreed with the respective senior executives and reviews are based upon the degree of achievement against those benchmarks.

Induction procedures are in place to allow new senior executives to participate fully and actively in management decision-making. The induction program includes orientation of:

- The Company's financial position, strategies, operations and risk management policies.
- The respective rights, duties, responsibilities and roles of the Board and senior executives.

## ETHICAL BUSINESS PRACTICES

The Company has adopted a Code of Conduct to maintain confidence in the Company's integrity, its legal obligations and the expectations of its stakeholders. The Company is committed to being a socially responsible corporate citizen, using honest and fair business practices, to act in the best interests of clients so as to achieve the best outcome for shareholders.

The Board has procedures in place for reporting any matters that may give rise to unethical practices or conflicts between the interests of a director or senior executive and those of the Company. These procedures are reviewed as required by the Board. To this end, the Company has adopted a Conflict of Interest Policy that clarifies the processes for directors and senior executives to determine and disclose when a conflict of interest exists.

## DIVERSITY POLICY

The Company values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Our recruitment processes encourage the development of diversity in our workplace, bearing in mind that employees must have the required skills to be successful in their positions.

In accordance with this policy and ASX Corporate Governance Principles, the Board has established the following objectives in relation to gender diversity. We currently meet our objectives but will continue to monitor and improve on our objectives to be in line with our Company's needs and direction. A written diversity policy has been developed by the Board to ensure gender diversity.

	Objective		Actual	
	Number	%	Number	%
Number of women employees in the whole organisation	18	67	20	65
Number of women in senior executive positions	2	33	1	17
Number of women on the Board	2	33	1	17

## SHAREHOLDING AND TRADING

The Board encourages directors and senior executives to own shares in the Company to further link their interests with the interests of all shareholders. Trading of shares by directors or senior executives is prohibited under certain circumstances and as described in the ASX Listing Rules and during certain periods of the financial year. A director or senior executive must not deal in the Company shares at any time when he or she has unpublished information which, if generally available, might affect the share price. Directors are required to notify the Company Secretary following dealing.

# CORPORATE GOVERNANCE STATEMENT

## SAFEGUARD INTEGRITY

The Board has established an Audit Committee ("AC") comprised of the three independent non-executive directors. This committee operates under a charter to enable it to perform its roles and responsibilities. Where considered appropriate, the Company's external auditors and the Company's management are invited to attend the meetings.

The members of the AC are:

- Mr Heng Boo Fong (Chairman)
- Mr Paul Vui Yung Lee
- Ms Jeslyn Jacques Wee Kian Leong

The qualifications of members of the committee together with their attendances at committee meetings are disclosed in the Directors' Report within this Annual Report.

The role of the AC is to assist the Board to fulfill its responsibilities in relation to the identification of the areas of significant business risks and the monitoring of the following:

- Effective management of financial and other business risks;
- Reliable management reporting;
- Compliance with laws and regulations in respect to financial reporting;
- Maintenance of effective and efficient audits;
- Meeting with external auditors on a twice-yearly basis and informally as circumstances require; and
- Recommending to the Board the appointment, rotation, removal and remuneration of the external auditors, and review their terms of engagement, and the scope and quality of the audit. Periodically, the AC reviews the appointment of the external audit engagement partners using a formal process of evaluation to determine the most appropriate level of skills and experience to suit the size and complexity of the Company.

The AC provides the Board with additional assurances regarding the reliability of financial information for inclusion in the financial statements.

The committee is chaired by an independent chair who is not the chairman of the Board.

## TIMELY AND BALANCED DISCLOSURE

The Board recognises the need to comply with ASX Listing Rule 3.1 concerning continuous disclosure.

At each meeting of directors, consideration is given as to whether notice of material information concerning the Company, including its financial position, performance, ownership and governance has been made available to all investors.

The Continuous Disclosure Policy also requires senior executives in possession of disclosable information to comply with that policy.

## COMMUNICATION WITH SHAREHOLDERS

The Board aims to ensure that shareholders, on behalf of whom they act, are informed of all major developments affecting the Company's activities and its state of affairs, including information necessary to assess the performance of the directors.

Communication with shareholders is achieved through the distribution of the following information:

- The Annual Report distributed to shareholders;
- The Half Yearly Report which is available on the Company's web site;
- The Annual General Meeting and other meetings called to obtain shareholder approval for Board action as appropriate. Shareholders are encouraged to attend and participate at the Company's Annual General Meeting and other General Meetings;
- Letters to shareholders when considered to be appropriate and informative;
- Announcements to the Australian Securities Exchange; and
- Investor information through the Company's internet portal at [www.aamg.co](http://www.aamg.co).

The Company strives to ensure that Company announcements via the ASX are made in a timely manner, are factual, do not omit material information and are expressed in a clear and objective manner.

# CORPORATE GOVERNANCE STATEMENT

## SHAREHOLDERS' ROLE

The shareholders of the Company are responsible for voting on the election of directors at the Annual General Meeting in accordance with the constitution.

All directors (other than a Managing Director) are subject to re-election by rotation, no later than every three years.

The Annual General Meeting also provides shareholders with the opportunity to express their views on matters concerning the Company and to vote on other items of business for resolution by shareholders.

## RISK MANAGEMENT

The Board is responsible for overseeing the risk management function. The Company believes that it is crucial for all Board members to be a part of the process and as such has established risk management as a component of the AC.

The Board is responsible for ensuring the risks and opportunities are identified on a timely basis.

The Board has a number of mechanisms in place to ensure the management's objectives and activities are aligned with the risks identified by the Committee. These include the following:

- Implementation of Board approved operating plans and budgets;
- Board monitoring of progress against these budgets, including the monitoring of key performance indicators of both a financial and non-financial nature; and
- The establishment of committees to report on specific risk as identified.

## INTERNAL RISK MANAGEMENT SYSTEM COMPLIANCE

Management is accountable to the Board to ensure that operating efficiency, effectiveness of risk management procedures, internal compliance control systems and controls and policies are all being monitored. Management has designed and implemented a risk management and internal control system to manage the Company's material business risks and reports to the Board at each meeting on the effective management of those risks. The Company has developed a series of operational risks which the Company believes to be inherent in the industry in which the Company operates. These include:

- Changed operating, market or regulatory environments;
- Fluctuations in demand volumes;
- Fluctuations in exchange rates; and
- Increasing costs of operations.

These risk areas are provided here to assist investors better understand the nature of the significant risks faced by the Company.

## MONITORING PERFORMANCE

The Board and senior management monitor the performance of all divisions through the preparation of monthly management accounts. The monthly management accounts are prepared using accrual accounting techniques and report each business unit's result as contribution after overhead allocation. These monthly management accounts are compared to monthly budgets, which have been set allowing for the seasonality of anticipated revenues and costs in each of the divisions.

The monitoring of the Company's performance by the Board and management assists in identifying the correct allocation of resources and staff to maximise the overall return to shareholders.

A performance evaluation for senior management was undertaken during the year and was in accordance with the process developed by the Board for that purpose.

Details of the structure of non-executive directors' and senior executives' remuneration are included in the Remuneration Report within the Directors' Report in this Annual Report.

# CORPORATE GOVERNANCE STATEMENT

## NOMINATION AND REMUNERATION

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee (“NRC”) comprised of three non-executive directors. The members of the NRC are:

- Mr Heng Boo Fong (Chairman)
- Mr Paul Vui Yung Lee
- Mr Evgeny Tugolukov

The qualifications of members of the committee together with their attendances at committee meetings are disclosed in the Directors’ Report within this Annual Report.

The role of the NRC is to make decisions on the following matters:

- Determine the appropriate size and composition of the Board;
- Determine the terms and conditions of appointment to and retirement from the Board;
- Develop appropriate criteria for Board membership;
- Reviewing membership of the Board and proposing candidates for consideration by the Board;
- Arranging a review of the Board’s own performance;
- Determine the Company’s remuneration plans, policies and practices, including compensation arrangements for the non-executive directors, executive directors, Group Chief Operating Officer, Group Chief Financial Officer, Chief Commercial Officer and senior executives; and
- Responsible for considering general remuneration policies and practices, recruitment and termination policies and superannuation requirements.

The Board believes that it has the right numbers and skill sets within its Board members for the current size of the Company, and is confident that each non-executive director brings independent judgement to bear on Board decisions.

The Company does not have a policy to preclude its executives from entering into transactions to limit their economic risk from investing in Company shares, options or rights and has made executives aware of their obligations in relation to financial commitments against shares issued under the executive securities plan and has requested that they take sufficient professional advice in relation to their individual financial position.

There are no retirement schemes or retirement benefits other than statutory benefits for non-executive directors.

# DIRECTORS' REPORT

The directors present their report, together with the financial statements of the Asian American Medical Group Limited ("AAMG" or the "Group") for the year ended 31 August 2018.

## DIRECTORS

The directors of the Group at any time during or since the end of the financial year are as set out below.

**Dato' Dr Kai Chah Tan** (Executive Chairman)

**Mr Evgeny Tugolukov** (Non-Executive Director)

**Mr Heng Boo Fong** (Independent Non-Executive Director)

**Mr Paul Vui Yung Lee** (Independent Non-Executive Director)

**Ms Jeslyn Jacques Wee Kian Leong** (Independent Non-Executive Director)

**Mr Stuart L Dean** (Independent Non-Executive Director) (appointed on 1 May 2018)

**Mr Kong Meng Ang** (Non-Executive Director) (resigned on 5 February 2018)

The skills, experience, expertise and tenure of each director are disclosed in the profile of directors section within the Annual Report.

Below is the profile of a director who is no longer in office:

**Mr Kong Meng Ang** FCA (S'pore), FCCA (UK) (resigned 5 February 2018)

Mr Kong Meng Ang is the founder and Partner at Ang & Co. PAC, an independent accounting and business advisory firm established in 1980 and has 40 years of experience in finance and accounting.

Mr Ang graduated from the University of Singapore (now known as the National University of Singapore, "NUS") with a Bachelor of Accountancy in 1976. Mr Ang is a fellow and practising member of the Institute of Singapore Chartered Accountants ("ISCA") and a fellow member of the Association of Chartered Certified Accountants (United Kingdom) ("ACCA"). Mr Ang is also an accredited tax advisor (Income Tax, GST) from the Singapore Institute of Accredited Tax Professionals.

## PRINCIPAL ACTIVITIES

The principal activity of AAMG and its controlled entities are that of provision of specialised medical services for liver diseases and transplantation, radiation and oncology, healthcare project management and consultancy services and healthcare real estate.

There has been no change in the principal activity of the Group during the financial year other than the expansion into the healthcare real estate segment.

## COMPANY SECRETARY

The following person held the position of company secretary at the end of the financial year:

**Mr Dario Nazzari**

Mr Nazzari has a Bachelor of Commerce, a Diploma in Financial Planning and has more than 20 years professional experience. He is a Chartered Accountant and a member of the Institute of Chartered Accountants.

## REVIEW AND RESULTS OF OPERATIONS

Details of the operations of AAMG during the year, the financial position and the strategies and prospects for the future years can be found in the Chairman's message found on pages 8 and 9 and Financial Review section on pages 18 to 21, which forms part of this Annual Report.

## DIRECTORS' MEETINGS

The following table sets out the number of director's meetings (including meetings of Committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, six (6) Board meetings, two (2) Audit Committee meetings and two (2) Nomination and Remuneration Committee meetings were held.

# DIRECTORS' REPORT

	Directors' Meetings		Audit Committee Meetings		Nomination and Remuneration Committee Meetings	
	Number Eligible to attend	Number Attended	Number Eligible to attend	Number Attended	Number Eligible to attend	Number Attended
Dato' Dr Kai Chah Tan	6	6	-	-	-	-
Mr Evgeny Tugolukov	6	5	-	-	2	2
Mr Kong Meng Ang <sup>^</sup>	4	4	-	-	-	-
Mr Heng Boo Fong	6	6	2	2	2	2
Mr Paul Vui Yung Lee	6	5	2	1	2	2
Ms Jeslyn Jacques Wee Kian Leong	6	6	2	2	-	-
Mr Stuart L Dean*	-	-	-	-	-	-

<sup>^</sup> Mr Kong Meng Ang resigned on 5 February 2018

\* Mr Stuart L Dean was appointed on 1 May 2018

## DIRECTORS' INTEREST

The relevant interests of each director in the shares of the parent entity at the date of this report are as follows:

Director	Number of shares
Dato' Dr Kai Chah Tan	115,798,180
Mr Evgeny Tugolukov	^ 21,000,000
Mr Heng Boo Fong	-
Mr Paul Vui Yung Lee	-
Ms Jeslyn Jacques Wee Kian Leong	-
Mr Stuart L Dean	-

<sup>^</sup> Indirect interest through RusSing Med Holdings Pte Ltd

None of the directors have share options in the Company.

## DIVIDENDS PAID OR RECOMMENDED

No interim or final dividend has been paid or recommended by the directors for the financial year ended 31 August 2018 (2017 : Nil).

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 20 October 2017, MHV entered into a conditional agreement to subscribe for 19,408,163 new shares in HDSB, an investment holding company incorporated in Malaysia, representing 95.1% of HDSB's enlarged share capital. MHV's subscription for 19,408,163 ordinary shares of HDSB at an issue price of RM1.00 each was satisfied by payment of RM5,606,963 in cash and the remaining RM13,801,200 by the issuance of 40,000,000 new AAMG shares at A\$0.105 each. The Group obtained shareholders' approval for the acquisition at the Annual General Meeting on 18 December 2017 and the subscription was completed on 6 March 2018.

Other than the above, there were no significant changes in the state of affairs of the Group during the year.

## EVENTS SUBSEQUENT TO REPORT DATE

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## LIKELY DEVELOPMENTS

Likely developments, future prospects and business strategies of the operations of the Group and the expected results of those operations in future years are detailed in the Chairman's message on pages 8 and 9. These are mainly in line with the Group's growth strategies as follows:

- 1) Continue with the Group's geographical expansion plans and build on existing presence overseas such as in Malaysia, Russia and Myanmar, in the area of specialised clinical services and project management;
- 2) Enhance AARO's comprehensive suite of capabilities as a regional provider of one-stop solutions in radiology and oncology and to leverage on these capabilities to expand;
- 3) Strengthen our position in our core markets for liver services;
- 4) Explore investment opportunities in the region in the healthcare sector; and
- 5) Commence the development of the cancer centre in Iskandar Puteri in Johor, Malaysia.

# DIRECTORS' REPORT

## OPTIONS

At the date of this report, there are no unissued ordinary shares of AAMG.

There have been no unissued shares or interests under option of any controlled entity within the Group during or since reporting date.

## ENVIRONMENTAL REGULATION

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia.

The directors are not aware of any particular or significant environmental issues which have been raised in relation to the Company's operations during the financial year. The directors are also not aware of any breach in the environmental regulations in Singapore, Malaysia and Myanmar during the financial year.

## REMUNERATION REPORT (AUDITED)

The Directors of Asian American Medical Group Limited ("AAMG" or the "Group") present the Remuneration Report for Non-Executive Directors, Executive Directors and other KMP, prepared in accordance with the *Corporations Act 2001* and the *Corporations Regulations 2001*.

## DETAILS OF MEMBERS OF KEY MANAGEMENT PERSONNEL

The key management personnel of the Group during the financial year ended 31 August 2018 are listed below.

### Directors:

Dato' Dr Kai Chah Tan - Executive Director and Chairman  
Mr Evgeny Tugolukov - Non-Executive Director  
Mr Heng Boo Fong - Independent Non-Executive Director  
Mr Paul Vui Yung Lee - Independent Non-Executive Director  
Ms Jeslyn Jacques Wee Kian Leong - Independent Non-Executive Director  
Mr Stuart L Dean - Independent Non-Executive Director (appointed on 1 May 2018)  
Mr Kong Meng Ang - Non-Executive Director (resigned on 5 February 2018)

### Other key management personnel:

Mr Cherinjith Kumar Shori - Group Chief Operating Officer  
Mr Meng Yau Yeo - Group Chief Financial Officer  
Ms Angela Chiew Foong Choong - Chief Commercial Officer

The skills, experience, expertise and tenure of each director and KMP are disclosed in the profile of directors and KMP sections respectively within the Annual Report.

The Remuneration Report is set out under the following main headings:

- a. principles used to determine the nature and amount of remuneration;
- b. details of remuneration;
- c. service agreements;
- d. share-based remuneration; and
- e. other information.

### A. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The principles of the Group's executive strategy and supporting incentive programs and frameworks are:

- to align rewards to business outcomes that deliver value to shareholders;
- to drive a high performance culture by setting challenging objectives and rewarding high performing individuals; and
- to ensure remuneration is competitive in the relevant employment market place to support the attraction, motivation and retention of executive talent.

AAMG has structured a remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The Board has established a Nomination and Remuneration Committee ("NRC") which operates in accordance with its charter as approved by the Board and is responsible for determining and reviewing compensation arrangements for the Directors and the Executive Team.

The NRC, consisting of at least two non-executive directors, is responsible for making recommendations on remuneration policies and packages applicable to Board members and for approval of remuneration for executive officers of the Group taking into account the financial position of the Consolidated Group. The board remuneration policy per the formal charter is to ensure the remuneration package properly reflects the person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

## DIRECTORS' REPORT

The Constitution of the Company specifies that the aggregate remuneration of directors, other than salaries paid to executive directors, shall be determined from time to time by general meeting. An amount not exceeding the amount determined is divided between those directors as they agree. The latest determination was at the Annual General Meeting held on 23 November 2009 when shareholders approved an aggregate remuneration pool of A\$200,000 per annum.

The Board as a whole determines the amount of the fees paid to each non-executive director. The amount proposed to be paid to each non-executive director during the year is A\$15,450-A\$25,750 (2017: A\$15,450-A\$25,750).

The remuneration structure that has been adopted by the Group consists of the following components:

- fixed remuneration being annual salary; and
- short term incentives, being employee share schemes and bonuses.

The NRC assess the appropriateness of the nature and amount of remuneration on a periodic basis by reference to recent employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and Executive Team.

The payment of bonuses, share options and other incentive payments are reviewed by the NRC annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. All bonuses, options and incentives must be linked to pre-determined performance criteria.

### SHORT TERM INCENTIVE ("STI")

AAMG performance measures involve the use of annual performance objectives, metrics, performance appraisals and continuing emphasis on living the Company values.

The performance measures are set annually after consultation with the directors and executives and are specifically tailored to the areas where each executive has a level of control. The measures target areas the Board believes hold the greatest potential for expansion and profit and cover financial and non-financial measures.

The Key Performance Indicators ("KPI's") for the Executive Team are summarised as follows:

*Performance area:*

- **financial** - operating profit and earnings per share; and
- **non-financial** - strategic goals set by each individual business unit based on job descriptions.

The STI Program incorporates both cash and share-based components for the Executive Team and other employees.

The Board may, at its discretion, award bonuses for exceptional performance in relation to each person's pre-agreed KPIs.

### VOTING AND COMMENTS MADE AT THE COMPANY'S LAST ANNUAL GENERAL MEETING

AAMG received more than 100% of 'yes' votes on its Remuneration Report for the financial year ended 31 August 2017. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

### CONSEQUENCES OF PERFORMANCE ON SHAREHOLDER WEALTH

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous four financial years:

Item	2018	2017	2016	2015	2014
EPS (S cents)*	0.62	(1.04)	(0.74)	0.49	(1.09)
Dividends (S cents per share)	-	-	-	-	-
Net profit/ (loss) (S\$000)	2,067	(3,031)	(2,061)	559	(2,493)
Share price (A\$)	0.11	0.11	0.12	0.08	0.08

*\*continued operations*

### USE OF REMUNERATION CONSULTANTS

AAMG did not make use of remuneration consultants during the financial year.

# DIRECTORS' REPORT

## B. DETAILS OF REMUNERATION

Details of the nature and amount of each element of the remuneration of each KMP of AAMG are shown in the table below:

	Short term employee benefit			Post-employment benefit	Total	Performance based percentage of remuneration
	Cash salary and fees	Cash bonus	Non-monetary benefits			
31 August 2018	S\$	S\$	S\$	S\$	S\$	%
<b><i>Executive Director</i></b>						
Dato' Dr Kai Chah Tan	2,162,500	-	-	6,480	2,168,980	-
<b><i>Non-Executive Directors</i></b>						
Mr Evgeny Tugolukov	15,835	-	-	-	15,835	-
Mr Kong Meng Ang <sup>(1)</sup>	15,835	-	-	-	15,835	-
Mr Heng Boo Fong	23,029	-	-	-	23,029	-
Mr Paul Vui Yung Lee	15,835	-	-	-	15,835	-
Ms Jeslyn Jacques Wee Kian Leong	14,330	-	-	1,505	15,835	-
Mr Stuart L Dean <sup>(2)</sup>	-	-	-	-	-	-
<b><i>Other Key Management Personnel</i></b>						
Mr Cherinjit Kumar Shori	242,256	18,746	-	15,810	276,812	7%
Mr Meng Yau Yeoh	166,400	11,733	-	14,960	193,093	6%
Ms Angela Chiew Foong Choong	179,200	16,000	-	7,920	203,120	8%
	2,835,220	46,479	-	46,675	2,928,374	-

(1) Mr Kong Meng Ang resigned 5 February 2018

(2) Mr Stuart L Dean was appointed on 1 May 2018

# DIRECTORS' REPORT

	Short term employee benefit			Post-employment benefit		Performance based percentage of remuneration
	Cash salary and fees	Cash bonus	Non-monetary benefits	Central Provident Fund/Superannuation	Total	
<b>31 August 2017</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>%</b>
<b><i>Executive Director</i></b>						
Dato' Dr Kai Chah Tan	2,400,000	4,467	-	8,280	2,412,747	n..m
<b><i>Non-Executive Directors</i></b>						
Mr Wing Kwan Teh <sup>(3)</sup>	5,976	-	-	-	5,976	-
Mr Evgeny Tugolukov	16,400	-	-	-	16,400	-
Mr Kong Meng Ang	10,020	-	-	-	10,020	-
Mr Heng Boo Fong	23,700	-	-	-	23,700	-
Mr Paul Vui Yung Lee	16,400	-	-	-	16,400	-
Ms Jeslyn Jacques Wee Kian Leong	16,400	-	-	-	16,400	-
<b><i>Other Key Management Personnel</i></b>						
Mr Cherinjit Kumar Shori	259,560	43,260	-	17,340	320,160	14%
Mr Meng Yau Yeoh	190,500	32,667	-	17,340	240,507	14%
Ms Angela Chiew Foong Choong	192,000	21,333	-	9,420	222,753	10%
	<b>3,130,956</b>	<b>101,727</b>	<b>-</b>	<b>52,380</b>	<b>3,285,063</b>	<b>-</b>

(3) Mr Wing Kwan Teh resigned 11 January 2016

The cash bonus relates to bonus that was vested during the year and is subject to approval by the Nomination and Remuneration Committee. The cash bonus is paid between November and December every year and no part of the bonus is payable in the future years. There was no bonus that was forfeited during the year.

# DIRECTORS' REPORT

## C. SERVICE AGREEMENTS

Remuneration and other terms of employment for the Executive Directors and other KMP are formalised in a service agreement. The major provisions of the agreements relating to remuneration are set out below:

Name	Base salary per month (S\$)	Term of agreement	Notice period
Dato' Dr Kai Chah Tan	170,000	Unspecified	3 months
Mr Cherinjit Kumar Shori	19,467	Unspecified	3 months
Mr Meng Yau Yeoh	12,800	Unspecified	3 months
Ms Angela Chiew Foong Choong	14,400	Unspecified	3 months

## D. SHARE-BASED REMUNERATION

All directors and executives may be allocated options to acquire shares in the Group under the Incentive Option Scheme approved by shareholders from time to time. The last such scheme was approved by shareholders at the Annual General Meeting of shareholders held on 6 December 2010.

## E. OTHER INFORMATION

### KMP Options and Right Holdings

All KMP may be allocated options to acquire shares in the Group under the Incentive Option Scheme approved by shareholders from time to time. The last such scheme was approved by shareholders at the Annual General Meeting of shareholders held on 6 December 2010.

No options were granted, exercised, lapsed/cancelled or vested during by any director or KMP of the Group during the financial year (2017: Nil).

### KMP Shareholdings

The number of ordinary shares in Asian American Medical Group Limited held by each KMP of the Group during the financial year are as follows:

31 August 2018	Balance at beginning of year	Issued during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year
Dato' Dr Kai Chah Tan	115,798,180	-	-	-	115,798,180
Mr Evgeny Tugolukov	21,000,000	-	-	-	21,000,000
Mr Kong Meng Ang	46,062,300	-	-	*(46,062,300)	-
Mr Heng Boo Fong	-	-	-	-	-
Mr Paul Vui Yung Lee	-	-	-	-	-
Ms Jeslyn Jacques Wee Kian Leong	-	-	-	-	-
Mr Stuart L Dean	-	-	-	-	-
Mr Cherinjit Kumar Shori	842,000	-	-	-	842,000
Mr Meng Yau Yeoh	457,000	-	-	-	457,000
Ms Angela Chiew Foong Choong	-	-	-	-	-
	184,159,480	-	-	(46,062,300)	138,097,180

\* Mr Kong Meng Ang resigned as a Non-Executive Director on 5 February 2018

## DIRECTORS' REPORT

<b>31 August 2017</b>	<b>Balance at beginning of year</b>	<b>Issued during the year</b>	<b>Issued on exercise of options during the year</b>	<b>Other changes during the year</b>	<b>Balance at end of year</b>
Dato' Dr Kai Chah Tan	107,298,250	-	-	8,499,930	115,798,180
Mr Evgeny Tugolukov	21,000,000	-	-	-	21,000,000
Mr Kong Meng Ang	34,000,000	-	-	12,062,300	46,062,300
Mr Heng Boo Fong	-	-	-	-	-
Mr Paul Vui Yung Lee	-	-	-	-	-
Ms Jeslyn Jacques Wee Kian Leong	-	-	-	-	-
Mr Cherinjiti Kumar Shori	842,000	-	-	-	842,000
Mr Meng Yau Yeoh	457,000	-	-	-	457,000
Ms Angela Chiew Foong Choong	-	-	-	-	-
	<u>163,597,250</u>	<u>-</u>	<u>-</u>	<u>20,562,230</u>	<u>184,159,480</u>

### Other KMP Transactions

During the financial year, MHV acquired 95.1% of HDSB as the major shareholder. Prior to the acquisition, HDSB was fully held by Dato' Dr Kai Chah Tan, as the sole director, who is also the Executive Chairman of AAMG. The total consideration for the acquisition was S\$6,188,915. (Refer to Note 8).

Prior to the acquisition of HDSB on 6 March 2018, management revenue of S\$1,743,316 was billed from Asian American Medical Pte Ltd ("AAMGPL") to HDSB for the services provided under the Service Agreement dated 26 September 2017. These services relates to costs and expenses incurred in providing professional services to HDSB on the Johor Project.

Other than the above, there have been no other related party transactions in the current financial year.

End of audited remuneration report.

### INDEMNIFICATION AND INSURANCE OF OFFICERS

During the year, AAMG paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer of the Group against a liability incurred as such by an officer.

### PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. There were no such proceedings brought or interventions on behalf of the Company with leave from the Court under section 237 of the Corporations Act 2001.

# DIRECTORS' REPORT

## NON-AUDIT SERVICES

During the year, Grant Thornton, the Group's auditors, performed certain other services in addition to their statutory audit duties.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit Committee, is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit Committee to ensure they do not impact upon the impartiality and objectivity of the auditor; and
- The non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditors of the Group, Grant Thornton, and its related practices for audit and non-audit services provided during the year are set out in Note 7 to the Financial Statements.

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required by section 307C of the Corporations Act 2001 for the year ended 31 August 2018 has been received as set out immediately following the end of the Directors' Report.

The Report of Directors is signed in accordance with a resolution of the Board of Directors.



**Dato' Dr Kai Chah Tan**  
**Executive Chairman**

2 November 2018



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## Auditor's Independence Declaration

To the Directors of Asian American Medical Group Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Asian American Medical Group Limited for the year ended 31 August 2018, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

*Grant Thornton*

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

B K Wundersitz  
Partner – Audit & Assurance

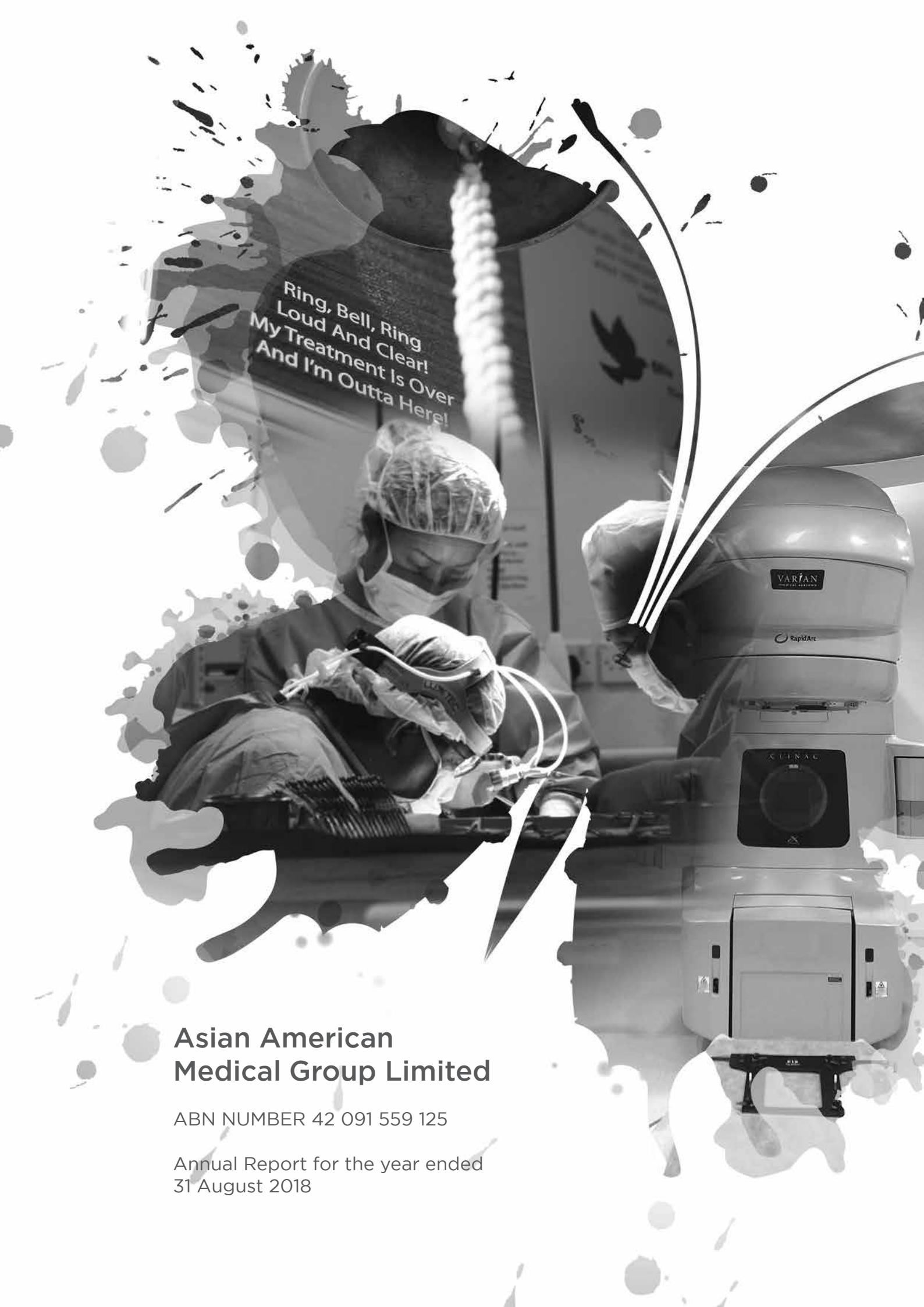
Adelaide, 2 November 2018

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## Asian American Medical Group Limited

ABN NUMBER 42 091 559 125

Annual Report for the year ended  
31 August 2018

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 August 2018

	Note	Consolidated Group	
		Year ended 31 August 2018	Year ended 31 August 2017
		\$	\$
<b>Revenue</b>			
Other operating income	3	17,477,029	15,166,882
Changes in inventories		404,903	207,412
Inventories		25,207	(25,110)
Purchase services		(1,110,307)	(1,122,839)
Employment benefits expense		(9,277,854)	(8,592,330)
Operating lease expense		(5,476,572)	(6,201,273)
Depreciation		(562,090)	(492,993)
Directors' fees		(46,062)	(53,551)
Recovery of doubtful debts	12	(79,176)	(81,596)
Gain on purchase relating to acquisition of HDSB	8	-	150,078
Write-off of goodwill	15	1,560,772	-
Other expenses		-	(266,123)
Share of results of associates	20	(1,021,315)	(1,569,988)
<b>Profit/ (Loss) before income tax</b>		2,417	-
Income tax benefit/(expense)	5	<b>1,896,952</b>	<b>(2,881,431)</b>
<b>Profit/ (Loss) for the year</b>	4	<b>169,886</b>	<b>(149,379)</b>
		<b>2,066,838</b>	<b>(3,030,810)</b>
<b>Other comprehensive income:</b>			
Items that may be reclassified subsequently to profit or loss			
Net effect of foreign currency translation	19	(963,095)	525,350
<b>Total comprehensive profit/ (loss) for the year</b>		<b>1,103,743</b>	<b>(2,505,460)</b>
<b>Profit/ (Loss) attributable to:</b>			
Members of the parent entity		1,950,766	(3,093,383)
Non-controlling interest		116,072	62,573
		<b>2,066,838</b>	<b>(3,030,810)</b>
<b>Total comprehensive profit/ (loss) attributable to:</b>			
Members of the parent entity		987,671	(2,568,033)
Non-controlling interest		116,072	62,573
		<b>1,103,743</b>	<b>(2,505,460)</b>
<b>Earnings/ (Loss) per share</b>			
Basic earnings/ (loss) per share (S cents)	10	0.62	(1.04)
Diluted earnings/ (loss) per share (S cents)	10	0.62	(1.04)

These financial statements should be read in conjunction with the accompany notes.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2018

	Note	Consolidated Group	
		2018 S\$	2017 S\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	8,928,738	9,174,730
Trade and other receivables	12	2,820,867	6,127,377
Inventories	13	192,689	165,618
Income tax refundable	17	-	8,334
Total current assets		11,942,294	15,476,059
<b>Non-current assets</b>			
Property, plant and equipment	14	8,973,374	69,934
Intangible assets	15	-	-
Investment in joint venture	20	69,248	-
Deferred tax asset	17	171,375	-
Total non-current assets		9,213,997	69,934
Total assets		21,156,291	15,545,993
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	16	5,642,378	5,940,733
Total current liabilities		5,642,378	5,940,733
<b>Non- current liabilities</b>			
Deferred tax liability	17	75,922	-
<b>Total non-current liabilities</b>			
Total liabilities		75,922	-
<b>Net assets</b>		5,718,300	5,940,733
		<b>15,437,991</b>	<b>9,605,260</b>
<b>EQUITY</b>			
<b>Equity attributable to members of the parent entity:</b>			
Issued capital	18	17,228,598	12,932,538
Reserves	19	(812,302)	150,793
Accumulated losses		(1,701,739)	(3,652,505)
		<b>14,714,557</b>	<b>9,430,826</b>
Non-controlling interest		723,434	174,434
<b>Total equity</b>		<b>15,437,991</b>	<b>9,605,260</b>

These financial statements should be read in conjunction with the accompany notes.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<b>Issued capital</b>	<b>Accumulated losses</b>	<b>Foreign currency translation reserve</b>	<b>Non-controlling interest</b>	<b>Total</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
<b>Balance at 1.9.2016</b>	12,932,538	(559,122)	(374,557)	111,861	12,110,720
<b>Total comprehensive income:</b>					
(Loss)/Profit for the year	-	(3,093,383)	-	62,573	(3,030,810)
Other comprehensive income	-	-	525,350	-	525,350
	-	(3,093,383)	525,350	62,573	(2,505,460)
<b>Balance at 31.8.2017</b>	12,932,538	(3,652,505)	150,793	174,434	9,605,260
<b>Balance at 1.9.2017</b>	12,932,538	(3,652,505)	150,793	174,434	9,605,260
<b>Total comprehensive income:</b>					
Profit for the year	-	1,950,766	-	116,072	2,066,838
Other comprehensive loss	-	-	(963,095)	-	(963,095)
	-	1,950,766	(963,095)	116,072	1,103,743
<b>Transactions with owners in their capacity as owners:</b>					
Issue of share capital (net of capital arising)	4,296,060	-	-	-	4,296,060
Non-controlling interest arising from acquisition of a subsidiary	-	-	-	33,628	33,628
Acquisition of subsidiary (Note 8)	-	-	-	399,300	399,300
<b>Balance at 31.8.2018</b>	17,228,598	(1,701,739)	(812,302)	723,434	15,437,991

These financial statements should be read in conjunction with the accompany notes.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For year ended 31 August 2018

	Consolidated Group		
	Note	Year ended 31 August 2018	Year ended 31 August 2017
		S\$	S\$
<b>Cash flows from operating activities</b>			
Receipts from customers		20,457,930	14,103,279
Payments to suppliers and employees		(19,824,879)	(16,607,227)
Income tax refunded		6,845	621
Net cash generated from/ (used in) continuing operations	24	<u>639,896</u>	<u>(2,503,327)</u>
<b>Cash flows from investing activities</b>			
Interest income		63,713	100,617
Purchase of property, plant and equipment		(712,899)	(4,849)
Investment in joint venture - GBAA		(34,766)	-
Acquisition of HDSB, net of cash		38,591	-
Net cash (used in)/ generated from investing		<u>(645,361)</u>	<u>95,768</u>
<b>Cash flows from financing activities</b>			
Capital contribution from non-controlling interest		33,628	-
Net cash generated from financing activities		<u>33,628</u>	<u>-</u>
Net change in cash and cash equivalents held		28,163	(2,407,559)
Cash and cash equivalents at beginning of financial year		9,174,730	11,307,905
Exchange (loss)/gain on cash held in foreign currencies		(274,155)	274,384
<b>Cash and cash equivalents at end of financial year</b>	<b>11</b>	<b><u>8,928,738</u></b>	<b><u>9,174,730</u></b>

These financial statements should be read in conjunction with the accompany notes.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2018

## 1. Principle activities

Asian American Medical Group Limited (“AAMG” or “Company”) is a company domiciled in Australia. The consolidated financial report of the Company as at and for year ended 31 August 2018 comprises the Company and its controlled entities. The principal activity of AAMG is that of provision of specialised medical services for liver diseases and transplantation, radiation and oncology, healthcare project management and consultancy services and healthcare real estate.

AAMG is a for-profit entity for the purpose of preparing financial statements.

## 2. Statement of significant accounting policies

This financial report includes the consolidated financial statements and notes of AAMG and controlled entities (“Consolidated Group” or “Group”).

### (a) Basis of preparation

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporation Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The consolidated final report is presented in Singapore Dollars (SGD or S\$) as a significant portion of the group's activity is denominated in Singapore Dollars.

These consolidated financial statements have been approved for issue by the Board of Directors on 2 November 2018.

### (b) Principles of consolidation

The Group financial statements consolidate those of the Parent company and all of its subsidiaries as of 31 August 2018. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 31 August, except for Gold Bell Asia American Healthcare Ventures Company, a newly incorporated subsidiary who has a reporting date of 31 March.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intragroup asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

# NOTES TO THE FINANCIAL STATEMENTS

## (c) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill (refer Note 2(j)) or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the entity interest issued by the acquirer.

All transaction costs incurred in relation to the business combination are expensed to the profit or loss.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

## (d) Income tax

The income tax expense (benefit) for the year comprises current income tax expense (benefit) and deferred tax expense (benefit).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates that have been enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (benefit) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

# NOTES TO THE FINANCIAL STATEMENTS

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

**(e) Inventories**

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

The cost of inventories includes direct costs associated with the purchase of inventory including transportation costs.

**(f) Property, plant and equipment**

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Property, plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial year in which they are incurred.

**Depreciation**

The depreciation of all fixed assets is depreciated on a straight line basis over the asset's useful life to the Consolidated Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

<i>Class of fixed asset</i>	<i>Depreciation Rate</i>
Office equipment	5 years
Medical equipment	5 years
Computers	5 years
Furniture and fittings	5 years
Leasehold Improvements	4 years
Building	30 years

The asset's residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

## (g) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is then recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance leasing liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease. Leases of land and buildings are classified separately and are split into a land and a building element, in accordance with the relative fair values of the leasehold interests at the date the asset is recognised initially.

Depreciation methods and useful lives for assets held under finance lease agreements correspond to those applied to comparable assets which are legally owned by the Group. The corresponding finance leasing liability is reduced by lease payments less finance charges, which are expensed as part of finance costs.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to profit or loss over the period of the lease.

## (h) Financial instruments

### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are expensed to the profit or loss immediately.

### Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, quoted prices in an active market are used to determine fair value.

The Group does not designate any interest in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

#### (i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

#### (ii) Held-to-maturity investments

These investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

#### (iii) Available for sale financial assets

Available for sale financial assets are non-derivative assets that are either not suitable to be classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available for sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting year.

# NOTES TO THE FINANCIAL STATEMENTS

## *(iv) Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

## *(v) Fair value*

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

## **Impairment**

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired.

## **Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

### **(i) Impairment of assets**

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss.

Impairment testing is performed annually for goodwill.

### **(j) Intangibles**

#### **Goodwill**

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- (i) the consideration transferred;
- (ii) any non-controlling interest; and
- (iii) the acquisition date fair value of any previously held equity interests

over the acquisition date fair value of net identifiable assets acquired. Goodwill on acquisition of subsidiaries is included in intangible assets.

Goodwill is tested for impairment annually and is allocated to the Group's cash generating units or groups of cash generating units, which represent the lowest level at which goodwill is monitored by where such level is not larger than an operating segment.

# NOTES TO THE FINANCIAL STATEMENTS

## (k) Investments in associates and joint arrangements

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries.

A joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities. A joint arrangement in which the Group has direct rights to underlying assets and obligations for underlying liabilities is classified as a joint operation.

Investments in associates and joint ventures are accounted for using the equity method. Interests in joint operations are accounted for by recognising the Group's assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

Any goodwill or fair value adjustment attributable to the Group's share in the associate or joint venture is not recognised separately and is included in the amount recognised as investment.

The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

## (l) Foreign Currency Transactions and Balances

### Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Singapore dollars which is the Group's functional and presentation currency.

### Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

## **Group companies**

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

assets and liabilities are translated at year-end exchange rates prevailing at that reporting date; income and expenses are translated at average exchange rates for the year; and retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences are charged or credited to other comprehensive income and recognised in the foreign currency translation reserve in equity.

## **(m) Employee benefits**

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year are measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year are measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on high quality corporate bonds with terms to maturity that match the expected timing of cash flows.

**Central Provident Fund (“CPF”)/Superannuation contributions:** The Group makes contributions to the Central Provident Fund scheme in Singapore and Superannuation scheme in Australia, a defined contribution post-employment or pension scheme. Contributions to post-employment benefits under defined contribution plans are recognised as an expense in the profit or loss as incurred.

**Equity-settled compensation:** The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a binomial option pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

## **(n) Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

## **(o) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, demand deposits held with banks, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in values.

## **(p) Revenue and other income**

Revenue is measured at the fair value of the consideration received or receivable. Revenue from sale of medication is recognised upon delivery of the medication to the patient. Revenue from rendering of medical services such as medical consultation, surgery and transplantation is recognised upon completion of the consultation or procedure. Management services fees are recognised upon the rendering of management and consultancy services to and accepted by the customer.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

Management fees revenue is recognised by reference to the stage of completion of the contract.

All revenue is stated net of goods and services tax (“GST”).

# NOTES TO THE FINANCIAL STATEMENTS

## (q) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting year for goods and services received by the Group during the reporting year which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of initial recognition.

## (r) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO") or Inland Revenue Authority of Singapore ("IRAS"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated in the statement of financial position inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO or IRAS is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO or IRAS are classified as operating cash flows.

## (s) Share-based employee remuneration

The Group operates equity-settled share-based remuneration plans for its employees. None of the Group's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to 'share option reserve'.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up are allocated to share capital.

## (t) Transaction costs on the issue of equity instruments

Transaction costs arising from the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

# NOTES TO THE FINANCIAL STATEMENTS

## (u) Standards and Interpretations issued but not yet effective

New / revised pronouncement	Superseded pronouncement	Nature of change	Effective date (annual reporting periods beginning on or after...)	Likely impact on initial application
AASB 9 <i>Financial Instruments</i> (December 2014)	AASB 139 <i>Financial Instruments: Recognition and Measurement</i>	<p>AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:</p> <ul style="list-style-type: none"> <li>a Financial assets that are debt instruments will be classified based on: (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows.</li> <li>b Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</li> <li>c Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.</li> <li>d Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</li> <li>e Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: <ul style="list-style-type: none"> <li>• the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI)</li> <li>• the remaining change is presented in profit or loss</li> </ul> <p>If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.</p> </li> </ul>	1 January 2018	<p><i>Based on the entity's assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 31 August 2019.</i></p>

# NOTES TO THE FINANCIAL STATEMENTS

New / revised pronouncement	Superseded pronouncement	Nature of change	Effective date (annual reporting periods beginning on or after...)	Likely impact on initial application
		<p>Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:</p> <ul style="list-style-type: none"> <li>classification and measurement of financial liabilities; and</li> <li>derecognition requirements for financial assets and liabilities</li> </ul> <p>AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.</p> <p>Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.</p>		
AASB 15 <i>Revenue from Contracts with Customers</i>	AASB 118 <i>Revenue</i> AASB 111 <i>Construction Contracts</i> Int. 13 <i>Customer Loyalty Programmes</i> Int. 15 <i>Agreements for the Construction of Real Estate</i> Int. 18 <i>Transfer of Assets from Customers</i> Int. 131 <i>Revenue - Barter Transactions Involving Advertising Services</i> Int. 1042 <i>Subscriber Acquisition Costs in the Telecommunications Industry</i>	<p>AASB 15:</p> <ul style="list-style-type: none"> <li>replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations: <ul style="list-style-type: none"> <li>establishes a new revenue recognition model</li> <li>changes the basis for deciding whether revenue is to be recognised over time or at a point in time</li> <li>provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing)</li> <li>expands and improves disclosures about revenue</li> </ul> </li> </ul>	1 January 2018	<p><i>The entity has undertaken a detailed assessment of the impact of AASB 15 and concluded that the Standard does not have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 31 August 2019.</i></p>

# NOTES TO THE FINANCIAL STATEMENTS

New / revised pronouncement	Superseded pronouncement	Nature of change	Effective date (annual reporting periods beginning on or after...)	Likely impact on initial application
AASB 16 Leases	AASB 117 <i>Leases</i> Int. 4 <i>Determining whether an Arrangement contains a Lease</i> Int. 115 <i>Operating Leases—Lease Incentives</i> Int. 127 <i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>	<p>AASB 16:</p> <ul style="list-style-type: none"> <li>replaces AASB 117 Leases and some lease-related Interpretations</li> <li>requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases</li> <li>provides new guidance on the application of the definition of lease and on sale and lease back accounting</li> <li>largely retains the existing lessor accounting requirements in AASB 117</li> <li>requires new and different disclosures about leases</li> </ul>	1 January 2019	<p><i>The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the likely impact on the first time adoption of the Standard for the year ending 31 August 2020 includes:</i></p> <ul style="list-style-type: none"> <li>there will be a significant increase in lease assets and financial liabilities recognised on the balance sheet</li> <li>the reported equity will reduce as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities</li> <li>EBIT in the statement of profit or loss and other comprehensive income will be higher as the implicit interest in lease payments for former off balance sheet leases will be presented as part of finance costs rather than being included in operating expenses</li> <li>operating cash outflows will be lower and financing cash flows will be higher in the statement of cash flows as principal repayments on all lease liabilities will now be included in financing activities rather than operating activities. Interest can also be included within financing activities.</li> </ul>

# NOTES TO THE FINANCIAL STATEMENTS

## (v) New and revised standards that are effective for these financial statements

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 September 2017. Information on the more significant standard(s) is presented below.

- AASB 2014-3 *Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations*
- AASB 2014-4 *Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation*
- AASB 2014-6 *Amendments to Australian Accounting Standards - Agriculture: Bearer Plants*
- AASB 2014-9 *Amendments to Australian Accounting Standards - Equity Method in Separate Financial Statements*
- AASB 2015-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101*

The adoption of these amendments has not had a material impact on the Group.

## (w) Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

## (x) Earnings per share

Basic earnings per share is calculated by dividing income by the weighted-average number of shares outstanding during the year. Diluted earnings per share is calculated by dividing income by the weighted-average number of shares outstanding during the year, assuming that all potentially dilutive securities were exercised, if dilutive.

## (y) Key Estimates and Judgements

### Impairment

The Group assesses impairment at each reporting date by evaluating conditions and events specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value in use calculations and valuations from independent valuers are performed and used in assessing recoverable amounts, these calculations and valuations incorporate a number of key estimates.

Please refer to Note 12 and 15 with respect to Management's consideration of impairment of trade and other receivables and goodwill respectively, as at 31 August 2018.

### Business combinations

Management uses valuation techniques in determining the fair values of the various elements of a business combination (see Note 2(c)). Particularly, the fair value of contingent consideration is dependent on the outcome of many variables that affect future profitability (see Note 8).

### Recognition of tax losses

Management has applied judgement to recognise the unused tax losses carried forward and differences in tax depreciation of plant and equipment to the extent that it is probable that future taxable profits will be available against which they can be utilised.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 Revenue

	<b>Consolidated Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$</b>	<b>S\$</b>
<b>Operating activities</b>		
Provision of services	13,662,937	12,800,020
Sale of medication	1,733,107	1,965,929
Management fee	2,080,985	400,933
Total revenue from operating activities	<u>17,477,029</u>	<u>15,166,882</u>
<b>Other operating income</b>		
Interest received	63,713	100,617
Other income	341,190	106,795
Total other operating income	<u>404,903</u>	<u>207,412</u>

## 4 Profit/ (Loss) for the year

The profit/ (loss) for the year has been arrived at after (charging)/crediting the following items:

	<b>Consolidated Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$</b>	<b>S\$</b>
<b>Expenses</b>		
Cost of sales	(10,362,954)	(9,740,279)
Net foreign exchange gain/(loss)	665,711	(371,148)
Occupancy cost as follows:		
- premises	(562,090)	(492,993)
Depreciation	(46,062)	(53,551)
Recovery of doubtful debts (Note 12(a))	-	150,078
Professional fees	(1,116,508)	(540,202)
Management fees	-	(83,634)
Credit card charges	(69,447)	(59,033)
Central Provident Fund/Superannuation	(263,837)	(233,441)

# NOTES TO THE FINANCIAL STATEMENTS

## 5 Income Tax Expense/(Benefit)

	<b>Consolidated Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$</b>	<b>S\$</b>
<b>a. The components of tax expense/(benefit) comprise:</b>		
Current tax expense	1,486	4,079
Deferred tax (benefit)/expense	(171,375)	150,000
(Under)/Over provision in respect of prior years	3	(4,700)
	<u>(169,886)</u>	<u>149,379</u>

### **b. The prima facie tax on profit/ (loss) before income tax is reconciled to the income tax as follows:**

Prima facie tax payable/(refundable) on profit/ (loss) before income tax at Australian tax rate of 30% (2017 : 30%)	569,085	(864,430)
<b>Add:</b>		
Effect of tax rates in foreign jurisdiction	(153,278)	248,069
<b>Tax effect of:</b>		
- derecognition of deferred tax assets	-	150,000
- gain on purchase on acquisition of HDSB	(468,232)	-
- deduction under Internationalisation Scheme grant	(25,500)	-
- write-off of goodwill	-	79,837
- non-deductible expenses	143,103	3,270
- non-taxable income	(30,890)	(3,620)
- (under)/over provision for income tax in prior years	3	(4,700)
- withholding tax deducted at source	1,486	4,079
- utilisation of deferred tax assets previously not recognised	(200,747)	(5,224)
- deferred tax asset not recognised	166,459	575,012
- deferred tax asset recognised	(171,375)	-
- tax effect on capital allowances	-	(32,914)
Income tax (benefit)/expense	<u>(169,886)</u>	<u>149,379</u>

The value of tax losses not recognised is S\$7,774,000 (2017: S\$9,941,000). There was no capital allowances not recognised in current financial year (2017: S\$214,000).

# NOTES TO THE FINANCIAL STATEMENTS

## 6 Key Management Personnel Compensation

The key management personnel (“KMP”) compensation included in employment expenses includes:

	<b>Consolidated Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$</b>	<b>S\$</b>
Short-term benefits	2,881,699	3,232,683
Post-employment benefit	46,675	52,380
Total compensation	<u>2,928,374</u>	<u>3,285,063</u>

Detailed remuneration disclosures are provided in the remuneration report.

## 7 Auditor's Remuneration

	<b>Consolidation Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$</b>	<b>S\$</b>
Remuneration of the parent entity auditor, Grant Thornton Audit Pty Ltd:		
- auditing or reviewing the financial report	25,495	37,815
- taxation services	8,199	6,157
- expert report services	<u>36,129</u>	-
Remuneration of other auditors:		
- auditing or reviewing the financial report of subsidiaries	57,960	57,548
- taxation services	<u>10,547</u>	<u>9,995</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 8 Gain on Purchase on Acquisition of HDSB

On 6 March 2018, MHV, a wholly-owned subsidiary of AAMG, completed its acquisition of 95.1% of HDSB which resulted in the recognition of gain on purchase, recognised in the profit or loss statement.

Prior to the acquisition, HDSB was wholly-owned by Dato' Dr Kai Chah Tan, the Executive Chairman and single largest shareholder of AAMG. HDSB owns a five acres parcel of land in Iskandar Puteri, in the Southern Malaysian state of Johor and intends to develop this land into an integrated cancer centre. AAMG will provide overall strategic services to assist with project development of the land.

Details of the transactions are as follows:

	2018
	S\$
Non-current assets	
Property, plant and equipment	8,360,687
Current assets	
Cash and cash equivalents	1,931,446
Total liabilities	
Trade and other payables	(2,143,146)
Fair value of assets and liabilities at acquisition date	8,148,987
Fair value of assets acquired and liabilities assumed by non-controlling interest	(399,300)
Fair value of assets acquired and liabilities assumed	7,749,687
Shares consideration issued	(4,296,060)
Cash consideration paid	(1,892,855)
Gain on purchase	<u>1,560,772</u>

The acquisition of HDSB was settled partially in shares and cash, amounting to S\$4,296,060 and S\$1,892,855 respectively. 40,000,000 shares were issued at an issued price of A\$0.105. Acquisition related costs amounting to S\$52,000 are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss and other comprehensive income, as part of 'other expenses'.

Fair value of the net assets as at acquisition date, comprising of five acres land, a construction in progress building and other payables, exceeds the total purchase consideration, resulting in a gain on bargain purchase.

Conditions precedent to the subscription agreement for the acquisition dated 20 October 2017 was met on 2 March 2018 and shares allotment to MHV was completed on 6 March 2018. Upon the successful allotment of shares, AAMG controls 95.1% of HDSB.

HDSB contributed a net loss of S\$105,000 to the consolidated profit for the financial year from 1 September 2017 to 31 August 2018. If HDSB has been acquired on 1 September 2017, intercompany management fees of S\$391,000 would be eliminated and pre-acquisition net losses of S\$14,000 would be accounted in the consolidated profit.

# NOTES TO THE FINANCIAL STATEMENTS

## 9 Dividends

No interim or final dividend has been paid during the year or recommended by the Directors following the completion of accounts for the financial year ended 31 August 2018 (2017 : Nil).

## 10 Earnings per Share

Basic earnings or loss per share amounts are calculated by dividing the profit or loss for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings or loss per share amounts are calculated by dividing the profit or loss for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the profit and loss and share data used in the computation of basic and diluted earnings per share for the year ended 31 August:

	<b>Consolidation Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$</b>	<b>S\$</b>
Profit/ (Loss) after income tax attributable to the owners of AAMG	1,950,766	(3,093,383)
Weighted average number of ordinary shares during the year used in calculating basic/diluted EPS	317,369,192	297,752,754
Basic earnings/ (loss) per share (S cents)	0.62	(1.04)
Diluted earnings/ (loss) per share (S cents)	0.62	(1.04)

## 11 Cash and Cash Equivalents

	<b>Consolidation Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$</b>	<b>S\$</b>
Cash and bank balances	5,542,147	5,434,804
Fixed deposits	3,386,591	3,739,926
Cash and cash equivalents per consolidated statement of cash flows	8,928,738	9,174,730

The effective interest rate on short-term bank deposits was 0.74% - 2.00% (2017: 0.45% - 2.75%) per annum. The bank deposits will mature in January 2019.

# NOTES TO THE FINANCIAL STATEMENTS

## 12 Trade and Other Receivables

	<b>Consolidation Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$</b>	<b>S\$</b>
<b>Current</b>		
Trade receivables	2,500,684	5,718,574
Other receivables	131,366	253,366
Deposits	188,817	155,437
Total current trade and other receivables	<hr/> 2,820,867	<hr/> 6,127,377

### a Provision for impairment of receivables

Current trade and term receivables are non-interest bearing loans and generally on 60 - 120 days terms. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. The Group reviews its trade receivables for evidence of impairment on a regular basis. The trade receivable consists mainly amounts owing by the United Arab Emirates ("UAE") government agencies. Management holds regular meetings with the agencies relating to patient care feedback and collection of amounts outstanding. Management is of the opinion that the trade receivables are recoverable and hence, no impairment is required.

### b Credit risk

The group has no significant concentration of credit risk with respect to any single counter party or group of counter parties.

The following table details the Group's trade receivables exposed to credit risk with ageing analysis. Amounts are considered as 'past due' when the debt has not been settled, with the terms and conditions agreed between the Group and the customer or counter party (more than 60 days) to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms are considered to be high credit quality.

The ageing profile of the trade receivables as at 31 August 2018 as follows:

	<b>Consolidation Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$</b>	<b>S\$</b>
<b>Current</b>		
Due 1 - 30 days	476,242	1,518,501
Due 31- 60 days	482,705	760,021
Due over 60 days	38,569	1,014,633
	<hr/> 1,503,168	<hr/> 2,425,419
	<hr/> 2,500,684	<hr/> 5,718,574

## 13 Inventories

	<b>Consolidated Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$</b>	<b>S\$</b>
<b>Medical supplies at cost</b>		
Medical supplies at cost	192,689	165,618

# NOTES TO THE FINANCIAL STATEMENTS

## 14 Property, plant and equipment

	<b>Consolidated Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$</b>	<b>S\$</b>
<b>Office equipment</b>		
At cost	7,735	7,735
Accumulated depreciation	(6,067)	(6,333)
Total office equipment	<u>1,668</u>	<u>1,402</u>
<b>Medical equipment</b>		
At cost	340,129	338,929
Accumulated depreciation	(339,109)	(334,262)
Total medical equipment	<u>1,020</u>	<u>4,667</u>
<b>Computers</b>		
At cost	163,656	169,975
Accumulated depreciation	(143,281)	(129,721)
Total computers	<u>20,375</u>	<u>40,254</u>
<b>Furniture and fittings</b>		
At cost	256,167	256,167
Accumulated depreciation	(246,812)	(232,556)
Total furniture and fittings	<u>9,355</u>	<u>23,611</u>
<b>Leasehold improvement</b>		
At cost	79,677	-
Accumulated depreciation	(3,320)	-
Total leasehold improvement	<u>76,357</u>	<u>-</u>
<b>Land</b>		
At cost	6,902,384	-
Accumulated depreciation	-	-
Total land	<u>6,902,384</u>	<u>-</u>
<b>Building (construction in progress)</b>		
At cost	1,962,215	-
Accumulated depreciation	-	-
Total building	<u>1,962,215</u>	<u>-</u>
 Total property, plant and equipment	 <u>8,973,374</u>	 <u>69,934</u>

# NOTES TO THE FINANCIAL STATEMENTS

## Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Office equipment	Medical equipment	Computers	Furniture and fittings	Leasehold Improvement	Land	Building	Total
	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
<b>Consolidated Group</b>								
Balance at 31 August 2017	1,402	4,667	40,254	23,611	-	-	-	69,934
Additions	-	1,200	4,431	-	79,677	-	627,590	712,898
Acquisition through business combination	-	-	-	-	-	6,988,113	1,372,574	8,360,687
Disposals	-	-	-	-	-	-	-	-
Write-off	815	-	(1,220)	-	-	-	-	(405)
Exchange Difference	-	-	-	-	-	(85,729)	(37,949)	(123,678)
Depreciation expense	(549)	(4,847)	(23,090)	(14,256)	(3,320)	-	-	(46,062)
Carrying amount at 31 August 2018	1,668	1,020	20,375	9,355	76,357	6,902,384	1,962,215	8,973,374

	Office equipment	Medical equipment	Computers	Furniture and fittings	Leasehold Improvement	Land	Building	Total
	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
<b>Consolidated Group</b>								
Balance at 31 August 2016	2,134	13,767	59,534	43,201	-	-	-	118,636
Additions	-	-	4,849	-	-	-	-	4,849
Disposals	-	-	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-	-	-
Depreciation expense	(732)	(9,100)	(24,129)	(19,590)	-	-	-	(53,551)
Balance at 31 August 2017	1,402	4,667	40,254	23,611	-	-	-	69,934

There was no asset purchased under finance lease arrangement during the financial year (2017 : Nil).

The Group owns a freehold piece of land with a total area of five acres located in Iskandar Puteri, Johor, Malaysia

# NOTES TO THE FINANCIAL STATEMENTS

## 15 Intangible Assets

	<b>Consolidated Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$</b>	<b>S\$</b>
<b>Total Intangible Assets</b>		
<b>Goodwill</b>		
Goodwill, at cost	-	266,123
Less: Goodwill written-off	-	(266,123)
Net carrying amount	-	-

### Impairment of Goodwill

The recoverable amount of a CGU is based on value-in-use calculations. These calculations are based on projected cash flows approved by management covering a period not exceeding five years. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. The present value of future cash flows has been calculated using a discount rate of 10% and a growth rate of 5% per annum to determine value-in-use. In the last financial year, the liver segment incurred a loss and as the Management is uncertain about the profitability of AALC in the coming years, the Group wrote-off its goodwill of S\$266,123 in FY2017.

## 16 Trade and Other Payables

	<b>Consolidated Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$</b>	<b>S\$</b>
<b>Current</b>		
Trade payables	3,615,215	5,029,622
Patients' deposits	305,194	85,063
Provision for employee benefits	190,516	165,826
Sundry payables and accrued expenses	1,531,453	660,222
Total current trade and other payables	5,642,378	5,940,733

The provision for employee benefits relates to the provision for cash bonus to employees for the period from January to August 2018 (2017: January to August 2017) and is payable by December 2018 (2017: December 2017).

# NOTES TO THE FINANCIAL STATEMENTS

## 17 Taxation

	<b>Consolidated Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$</b>	<b>S\$</b>
<b>Current assets</b>		
Income tax refundable		8,334
<b>Non-current</b>		
	<b>1 September 2017</b>	<b>31 August 2018</b>
<b>Deferred tax assets and liabilities:</b>		
Tax liability arising from land revaluation	-	75,922
Tax allowances arising from unused tax losses	-	(171,375)
Net deferred tax asset	-	(95,453)

## 18 Issued Capital

	<b>Consolidated Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$</b>	<b>S\$</b>
Opening share balance	12,932,538	12,932,538
Shares issued during the year - issued for acquisition of HDSB	4,296,060	-
Total capital	17,228,598	12,932,538

	<b>Consolidated Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>Number of shares</b>	<b>Number of shares</b>
<b>a. Ordinary Shares</b>		
At the beginning of reporting year	297,752,754	297,752,754
Shares issued during year	40,000,000	-
At reporting date	337,752,754	297,752,754

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

At the shareholders' meetings, each ordinary share is entitled to one vote when a poll is called. Otherwise, each shareholder has one vote on a show of hands.

During the financial year, 40,000,000 new ordinary shares were issued at A\$0.105 per share in part satisfaction of the consideration under the Subscription Agreement to subscribe for 95.1% of HDSB.

### b. Capital Management

Management controls the capital of the Group in order to provide shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern. Currently the Group has no debt.

There are no externally imposed capital requirements.

There have been no changes in the strategy adopted by management to control the capital during the year.

# NOTES TO THE FINANCIAL STATEMENTS

## 19 Reserves

### a. Nature and purpose of reserve

#### (i) Share-based payments

The share-based payments reserve is used to recognise:

- At grant date of the fair value of options issued to employees but not exercised
- At grant date the fair value of shares issued to employees
- The issue of shares held by the AAMG Employee Share Trust to employees

There is no share option issued in the reporting period.

#### (ii) Foreign currency translation

Exchange difference arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 2(l) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

### b. Movements in reserves

	<b>Consolidated Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$</b>	<b>S\$</b>
(i) Foreign currency translation reserve		
Beginning of financial year	150,793	(374,557)
Net currency translation difference of financial statements of foreign subsidiaries	(963,095)	525,350
End of financial year	(812,302)	150,793
Total as at the end of financial year	<u>(812,302)</u>	<u>150,793</u>

## 20 Investment in Joint Venture

During the financial year, GBAA entered into a joint collaboration with its strategic partner to incorporate AAMS in Myanmar. GBAA has a 50% shareholding under this joint venture, which entitles AAMGPL to 25.5% of AAMS's profit.

	<b>Consolidated Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$</b>	<b>S\$</b>
Investment in joint venture	69,248	-
Profit from related associate	2,417	-
Total net assets of AAMS	138,496	-
Proportion of ownership interest held by the Group	50%	-
<b>Carrying amount of the investment in AAMS</b>	<b>69,248</b>	-

# NOTES TO THE FINANCIAL STATEMENTS

## 21 Share-Based Employee Remuneration

As at 31 August 2018, the Group maintained an equity settled share-based payment scheme for employee remuneration.

There are no outstanding share options at the end of the current and previous reporting years.

## 22 Controlled Entities

### a. Controlled entities consolidated

Name	Country of incorporation	Percentage owned (%)	
		2018	2017
Asian American Medical Group Limited	Australia		
<i>Subsidiary of Asian American Medical Group Limited:</i>			
Asian American Medical Group Inc.	British Virgin Islands	100	100
<i>Subsidiaries of Asian American Medical Group Inc.</i>			
Asian American Liver Centre Pte Ltd	Singapore	100	100
Asian American Radiation & Oncology Pte Ltd	Singapore	70	70
Asian American Medical Group Pte Ltd	Singapore	100	100
Million Health Ventures Pte Ltd	Singapore	100	100
<i>Subsidiary of Million Health Ventures Pte Ltd:</i>			
Asian American Oncology Management Sdn Bhd	Malaysia	100	100
Hippocrates Development Sdn Bhd <sup>(1)</sup>	Malaysia	95	-
<i>Subsidiary of Asian American Medical Group Pte Ltd:</i>			
Gold Bell Asia American Healthcare Ventures Company Limited <sup>(2)</sup>	Myanmar	51	-
<i>Associate of Asian American Liver Centre Pte Ltd:</i>			
PT. Asian Liver Center Indonesia <sup>(3)</sup>	Indonesia	-	50

<sup>1</sup> Acquired on 6 March 2018

<sup>2</sup> Incorporated on 19 September 2017

<sup>3</sup> Disposed on 12 September 2017

# NOTES TO THE FINANCIAL STATEMENTS

## b. Acquisition of controlled entities

- a) On 19 September 2017, AAMGPL incorporated a 51% owned subsidiary, GBAA for a cash consideration of S\$34,767.
- b) On 6 March 2018, MHV completed the acquisition of HDSB, an investment holding company incorporated in Malaysia, representing 95.1% of HDSB's enlarged share capital. MHV's subscription for 19,408,163 ordinary shares of HDSB at an issue price of RM1.00 each was satisfied by payment of RM5,606,963 in cash and the remaining RM13,801,200 by the issuance of 40,000,000 new AAMG shares at A\$0.105 each.
- c) On 16 May 2018, GBAA incorporated a 50% owned joint venture with Grand Hantha Company Limited, for a cash consideration of S\$67,021. This transaction has been accounted for by the equity method of accounting as it meets all elements of a joint venture.

## c. Disposal of controlled entity

On 12 September 2017, PT. Asian Liver Center Indonesia, a 50% dormant associate of AALC was disposed of at a nominal sum of S\$1.00.

## 23 Commitments and Contingencies

### a. Operating leases

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

	<b>Consolidated Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$</b>	<b>S\$</b>
Payable – minimum lease payments		
Not longer than 1 year	-	415,018
Longer than 1 year but not longer than 5 years	-	33,000
	-	448,018

At the date of this report, the lease for the premises was still in negotiation.

### b. Finance leases

There is no outstanding finance lease balance as at balance date.

### c. Capital Commitments

There is no capital commitment as at reporting date.

### d. Contingent Liabilities

Under the Sale and Purchase Agreement ("SPA") of the land owned under HDSB, HDSB will pledge up to 20% of the Net Profits earned by TLJCC to be paid to the land vendor or the vendor's named beneficiary for a period of 10 years.

# NOTES TO THE FINANCIAL STATEMENTS

## 24 Cash Flow Information

### Reconciliation of cash flow from operations with loss after income tax

	<b>Consolidated Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$</b>	<b>S\$</b>
Profit/ (Loss) after income tax	2,066,838	(3,030,810)
Adjustment for:		
Write off of property, plant and equipment	407	-
Depreciation	46,062	53,551
Gain on purchase on acquisition of HDSB	(1,560,772)	-
Write-off of goodwill	-	266,123
Foreign exchange gain- net	(665,711)	(98,138)
Finance income	(63,713)	(100,618)
<i>Changes in assets and liabilities:</i>		
Decrease/(Increase) in trade and other receivables	2,639,711	(1,173,537)
(Increase)/Decrease in inventories	(27,071)	25,111
(Decrease)/Increase in trade and other payables	(1,632,814)	1,404,991
(Decrease)/Increase in deferred and current tax liabilities	(163,041)	150,000
Net cash generated from/ (used in) operating activities	<u>639,896</u>	<u>(2,503,327)</u>

## 25 Events After the Report Date

No matters or circumstances have arisen since the end of the financial, which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

# NOTES TO THE FINANCIAL STATEMENTS

## 26 Related Party

The Group's related parties include its associates and joint venture, KMP and post-employment benefit plans for the Group's employees.

Balances and transactions between the Company and its subsidiaries, which are related to the Company have been eliminated on consolidation and are not disclosed in this note.

Disclosures relating to KMP are set out in Note 6 and in the remuneration report.

Balances and transactions between the Company and its associate, AAMS, incurred in the current financial year are as follows:

	2018	2017
	S\$	S\$
<i>Balances</i>		
Amount due from related associate	31,432	-
Amount due to related associate	68,332	-
<i>Transactions</i>		
Management fee from related associate	6,014	-

During the financial year, MHV acquired 95.1% of HDSB as the major shareholder. Prior to the acquisition, HDSB was fully held by Dato' Dr Kai Chah Tan, as the sole director, who is also the Executive Chairman of AAMG. The total consideration for the acquisition was S\$6,188,915. (Refer to Note 8)

Prior to the acquisition of HDSB on 6 March 2018, management revenue of S\$1,743,316 was billed from AAMGPL to HDSB for the services provided under the Service Agreement dated 26 September 2017. These services relates to costs and expenses incurred in providing professional services to HDSB on the Johor Project.

Other than the above, there have been no other related party transactions in the current financial year.

## 27 Operating Segments

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Group that are regularly reviewed by the chief operating decision maker, the Board of Directors (chief operating decision makers), in order to allocate resources to the segment and to assess its performance. The Consolidated Group has identified its operating segments to be as follows based on distinct operational activities:

- (i) Provision of medical consultation and services in the hepatology and related fields (liver segment); and
- (ii) Provision of medical consultation and services in the radiation and oncology and related fields (radiation and oncology segment);
- (iii) Provision of healthcare management and consultancy services (management and consultancy segment);
- (iv) Development of real estate projects (healthcare real estate segment), established through acquisition of HDSB (see Note 8); and
- (v) Provision of corporate management services (corporate segment).

This is the basis on which internal reports are provided to the Board of Directors for assessing performance and determining the allocation of resources within the Consolidated Group. Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the Annual Financial Statements of the group.

The current Consolidated Group operates primarily in four businesses, namely the provision of medical consultation and services in the hepatology, radiation and oncology, healthcare management and its related field advisory and healthcare real estate. The corporate segment relates to administrative expenses at Group level.

Details of the performance of each of these operating segments for the financial years ended 31 August 2018 and 31 August 2017 are set out in the following pages:

# NOTES TO THE FINANCIAL STATEMENTS

## (i) Segment Performance

	Liver	Radiation and Oncology	Management & Consultancy	Healthcare Real Estate	Total
	S\$	S\$	S\$	S\$	S\$
<b>31 August 2018</b>					
External sales revenue	12,697,626	3,020,487	1,758,916	-	17,477,029
Inter-segment sales	8,731	-	1,124,766	-	1,133,497
Total segment revenue	12,706,357	3,020,487	2,883,682	-	18,610,526
Inter-segment elimination					(1,133,497)
Total Group revenue					<u>17,477,029</u>
Segment net profit/ (loss) before tax	(116,948)	246,100	1,082,918	(119,725)	1,092,345
Other income					<u>804,607</u>
Total Group profit before tax					<u>1,896,952</u>
Income tax benefit					<u>169,886</u>
Total Group net profit after tax					<u>2,066,838</u>
	Liver	Radiation and Oncology	Management & Consultancy	Healthcare Real Estate	Total
	S\$	S\$	S\$	S\$	S\$
<b>31 August 2017</b>					
External sales revenue	13,171,254	1,966,084	29,544	-	15,166,882
Inter-segment sales	3,957	-	-	-	3,957
Total segment revenue	13,175,211	1,966,084	29,544	-	15,170,839
Inter-segment eliminations					(3,957)
Total Group revenue					<u>15,166,882</u>
Segment net profit/(loss) before tax	(851,213)	208,578	(1,529,742)	-	(2,172,377)
Other expenses					<u>(709,054)</u>
Total Group loss before tax					<u>(2,881,431)</u>
Income tax expense					<u>(149,379)</u>
Total Group net loss after tax					<u>(3,030,810)</u>

# NOTES TO THE FINANCIAL STATEMENTS

## (ii) Segment assets

	Liver	Radiation and Oncology	Management & Consultancy	Healthcare Real Estate	Corporate	Total
	S\$	S\$	S\$	S\$	S\$	S\$
<b>31 August 2018</b>						
Segment assets	6,103,337	1,550,073	7,895,266	9,045,446	25,627,724	50,221,846

*Reconciliation of segment assets to Group assets:*

Inter-segment eliminations	(29,065,555)
Total Group assets	21,156,291

### Segment asset increases in the year

Capital expenditure through business combination	-	-	-	8,360,687	-	8,360,687
Capital expenditure	84,108	1,200	-	627,590	-	712,898
Total	84,108	1,200	-	8,988,277	-	9,073,585

	Liver	Radiation and Oncology	Management & Consultancy	Healthcare Real Estate	Corporate	Total
	S\$	S\$	S\$	S\$	S\$	S\$
<b>31 August 2017</b>						
Segment assets	7,119,366	895,093	5,457,186	-	3,647,853	17,119,498

*Reconciliation of segment assets to Group assets:*

Inter-segment eliminations	(1,573,505)
Total Group assets	15,545,993

### Segment asset increases in the year

Capital expenditure	4,849	-	-	-	-	4,849
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# NOTES TO THE FINANCIAL STATEMENTS

## (iii) Segment liabilities

Liver	Radiation and Oncology	Management & Consultancy	Healthcare Real Estate	Corporate	Total
	S\$	S\$	S\$	S\$	S\$
<b>31 August 2018</b>					
Segment liabilities	(4,939,040)	(480,331)	(8,589,309)	(2,549,110)	(7,766,567) (24,324,357)

*Reconciliation of segment liabilities to Group liabilities:*

Inter-segment eliminations	18,606,057
Total Group liabilities	(5,718,300)

Liver	Radiation and Oncology	Management & Consultancy	Healthcare Real Estate	Corporate	Total
	S\$	S\$	S\$	S\$	S\$
<b>31 August 2017</b>					
Segment liabilities	(5,836,637)	(242,827)	(7,293,295)	- (4,610,249)	(17,983,008)

*Reconciliation of segment liabilities to Group liabilities:*

Inter-segment eliminations	12,042,275
Total Group liabilities	(5,940,733)

## (iv) Revenue by geographical location

Revenue attributable to external customers is disclosed below, based on the location of where the revenue was derived:

	<b>Consolidated Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$</b>	<b>S\$</b>
Singapore	15,532,860	14,694,885
Asia (ex-Singapore)	1,827,040	154,632
Others	117,129	317,365
Total revenue	17,477,029	15,166,882

## (v) Assets by geographical location

	<b>Consolidated Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$</b>	<b>S\$</b>
<i>Assets by geographical location:</i>		
Australia	2,229,675	3,118,012
Singapore	8,674,333	12,427,981
Malaysia	10,106,038	-
Myanmar	146,245	-
Total assets	21,156,291	15,545,993

# NOTES TO THE FINANCIAL STATEMENTS

## (vi) Major Customers

The Group is not reliant on any one major customer to whom it provides its products or services.

## 28 Financial risk management policies

The Group's financial instruments consist mainly of cash at bank, accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to the financial statements, are as follows:

	<b>Consolidated Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$</b>	<b>S\$</b>
<b>Financial assets</b>		
Cash and cash equivalents	8,928,738	9,174,730
Trade and other receivables	2,820,867	6,127,377
Total financial assets	11,749,605	15,302,107
<b>Financial liabilities</b>		
Trade and other payables	(5,642,378)	(5,940,733)
Total financial liabilities	(5,642,378)	(5,940,733)

## Financial risk management policies

The Board is responsible for monitoring and managing financial risk exposures of the Group.

### *Specific financial risk exposures and management*

The main risk the Group is exposed to include foreign exchange risk, credit risk, liquidity risk and treasury management risk.

#### (a) Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the functional currency of the Group which is the Singapore dollar.

##### (i) Risk management

The Group's transactions are predominantly in its functional currency which is the Singapore dollar. The amount of asset and liability held in foreign currency is not considered material to the Group and hence does not hedge these asset or liability.

##### (ii) Sensitivity analysis

##### Foreign exchange risk

A sensitivity analysis of the impact of foreign exchange risk is not shown as it is not considered material to the Group at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

## **(b) Credit risk exposures**

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The credit risk on financial assets of the entity which have been recognised in the statement of financial position, is the carrying amount, net of any allowance for credit losses.

Credit risk is managed through the maintenance of procedures which ensure to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

Apart from the allowance for credit losses as disclosed in Note 12, no other receivables are considered past due or impaired.

## **(c) Liquidity risk**

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

All financial assets and liabilities as disclosed above have maturities within one year for the 31 August 2018 financial year.

The Group manages liquidity risk by monitoring forecast cash flows.

## **(d) Treasury risk management**

The Board meets on a regular basis to analyse financial risk exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The Board's overall risk management strategy seeks to assist the Consolidated Group in meeting its financial targets, whilst maintaining the effects on financial performance. Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the Board has otherwise cleared as being financially sound.

## **(e) Fair values of financial assets and liabilities**

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date.

The carrying values of financial instruments approximate their fair values.

# NOTES TO THE FINANCIAL STATEMENTS

## 29 Parent Company Information

	2018	2017
	S\$	S\$
<b>Parent entity</b>		
<b>Assets</b>		
Current assets	6,737,334	3,649,838
Non-current assets	9,159,693	6,246,612
<b>Total assets</b>	<hr/> 15,897,027	<hr/> 9,896,450
<b>Liabilities</b>		
Current liabilities	(459,037)	(291,190)
<b>Total liabilities</b>	<hr/> (459,037)	<hr/> (291,190)
<b>Total net assets</b>	<hr/> 15,437,990	<hr/> 9,605,260
<b>Equity</b>		
Issued capital	30,315,365	26,019,305
Accumulated losses	(14,034,181)	(16,484,479)
Foreign currency revaluation reserve	(843,194)	70,434
<b>Total equity</b>	<hr/> 15,437,990	<hr/> 9,605,260
<b>Financial performance</b>		
Loss for the year	(1,347,914)	(4,421,664)
Other comprehensive (expense)/income	(913,628)	503,472
<b>Total comprehensive loss</b>	<hr/> (2,261,542)	<hr/> (3,918,192)

Included in the loss for the year is a S\$966,114 write down (2017: S\$3,798,212) of investment in subsidiary to the net asset of the Group and does not have an impact on the Group's consolidated results for the current or prior year.

The parent entity has no contingent liabilities, contractual commitments or guarantees in relation to its subsidiary entities.

### 30 Company Details

The registered office of the Company is:  
25 Peel Street  
Adelaide SA 5000

The principal place of business is:  
**Asian American Medical Group**  
6A Napier Road,  
Gleneagles Hospital Annexe Block #02-37,  
Singapore 258500

Singapore centres:  
**Asian American Liver Centre Pte Ltd**  
6A Napier Road,  
Gleneagles Hospital Annexe Block #02-37,  
Singapore 258500

**Asian American Radiation & Oncology Pte Ltd**  
6A Napier Road,  
Gleneagles Hospital Annexe Block #02-37,  
Singapore 258500

**Asian American Medical Group Pte Ltd**  
6A Napier Road,  
Gleneagles Hospital Annexe Block #02-37,  
Singapore 258500

Malaysia centre:  
**iHEAL Medical Centre**  
Level 7 & 8, Annexe Block, Menara IGB,  
Mid Valley City, Lingkaran Syed Putra,  
59200 Kuala Lumpur,  
Malaysia

Myanmar centre:  
**Grand Hantha International Hospital**  
No.3, Corner of Nar,  
Nat Taw Road & Lower Kyee Myindaing Kanner Road,  
Kamaryut Township Yangon, Myanmar

## DIRECTORS' DECLARATION

The directors of Company declare that:

- (a) the financial statements and notes, as set out on pages 39 to 76, are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position as at 31 August 2018 and of the performance for the year ended on that date of the Consolidated Group; and
  - (ii) complying with Accounting Standards.
- (b) the Executive Director and Group Chief Financial Officer have declared that:
  - (i) the financial records of the Company for the financial year have been properly maintained in accordance with s286 of the Corporations Act 2001;
  - (ii) The financial statements and notes for the financial year comply with the Accounting Standards; and
  - (iii) The financial statements and notes for the financial year give a true and fair view.
- (c) In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (d) complying with International Financial Reporting Standards as disclosed in Note 2 to the financial statements;

This declaration is made in accordance with a resolution of the Board of Directors.



**Dato' Dr Kai Chah Tan**  
Director

2 November 2018



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## Independent Auditor's Report

To the Members of Asian American Medical Group Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Asian American Medical Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 August 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 31 August 2018 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the 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 most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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**Key audit matter**
**Revenue recognition – note 2(p), 3 and 12**

The Group generated S\$17,477,029 in revenue for the year ended 31 August 2018. Revenue is predominately generated from specialised medical services which are driven by patient volumes. Revenue from the sale of medication is recognised at the point of delivery to the patient. There is a risk of improper revenue recognition, particularly with the occurrence of revenues at year end given the significant size of accounts receivable at 31 August 2018.

Revenue was considered a key audit matter as it represents a key measurement of the Group's performance and growth.

**How our audit addressed the key audit matter**

Our procedures included, amongst others:

- Documenting the processes and assessing the internal controls relating to revenue processing and recognition for significant revenue streams;
- Performing analytical procedures by comparing against audit expectations to understand the movements and trends in revenue;
- Analysing a sample of revenue transactions from the general ledger to source data to confirm appropriate revenue recognition had been applied;
- Performing cut off testing to ensure that revenue transactions around year end have been recorded in the correct period;
- Reviewing the aging profiles of accounts receivable to identify any issues in aging that warrant further investigation;
- Confirming a sample of customer balances to subsequent receipts, contracts and invoices, and government guarantees where applicable; and
- Assessing the adequacy of the Group's revenue disclosures within the financial statements.

**Gain on purchase relating to acquisition of HDSB – note 2(c) and 8**

On 6 March 2018, Million Health Ventures Pte Ltd ("MVH") completed the acquisition of 95.1% Hippocrates Development Sdn Bhd ("HDSB"). Prior to the acquisition, HDSB was wholly owned by Dato' Dr Tan Kai Chah, the Executive Chairman and single largest shareholder of AAMG.

In accordance with AASB 3 *Business Combinations*, a business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control.

The Group has determined that the transaction, which completed on 6 March 2018, met the conditions in AASB 3 and applied the acquisition method of accounting resulting in a bargain gain on purchase of \$1,560,772.

This area is a key audit matter due to the technical complexity of the transaction, the judgements and estimates used in the valuation of net assets acquired and the allocation of the purchase price, which resulted in the bargain gain on acquisition.

Our procedures included, amongst others:

- Reviewing the terms and conditions of the share purchase agreement;
- Reviewing management's technical accounting position paper relating to the transaction, including assessment of the sufficiency of the judgements and estimates taken in accounting for this acquisition under AASB 3;
- Evaluating management's expert engaged in the valuation of the key asset acquired in the business combination;
- Reviewing the report prepared by the valuation expert in relation to the valuation of the key asset acquired in the business combination;
- Evaluating the assessment performed by auditors experts, used in the assessment of the purchase price allocation; and
- Assessing the adequacy of the Group's disclosures within the financial statements.

**Information other than the financial report and auditor's report thereon**

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 August 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report 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 report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report 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 the Directors for the financial report**

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are 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 the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf). This description forms part of our auditor's report.

#### **Report on the remuneration report**

##### **Opinion on the remuneration report**

We have audited the Remuneration Report included in the Directors' report for the year ended 31 August 2018.

In our opinion, the Remuneration Report of Asian American Medical Group Limited, for the year ended 31 August 2018 complies with section 300A of the *Corporations Act 2001*.

#### **Responsibilities**

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Grant Thornton*

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

B K Wundersitz  
Partner – Audit & Assurance

Adelaide, 2 November 2018

# SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 1 November 2018.

## A. Distribution of holders of equity securities

			Ordinary Shares	Employee Options
1	-	1,000	149	-
1,001	-	5,000	55	-
5,001	-	10,000	41	-
10,001	-	100,000	46	-
100,001 and over			34	-
			325	-

There were 198 holders of less than marketable parcel of ordinary shares.

The percentage of the total holdings of the twenty largest holders of ordinary shares was 98.75 per cent.

# SHAREHOLDER INFORMATION

## B. Equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Ordinary shares		
	Number held	Percentage
Citicorp Nominees Pty Limited	147,715,347	43.73
Kong Meng Ang	46,062,300	13.64
Sultan Ibrahim Ibni Almarhum Sultan Iskandar Al-Haj	40,000,000	11.84
HSBC Custody Nominees (Australia) Limited	33,482,068	9.91
Russing Med Holdings Pte Ltd	21,000,000	6.22
Zhi Cheng Ang	12,062,300	3.57
Chin Soon Ong	7,000,000	2.07
Tye Wee Thin	5,000,000	1.48
BNP Paribas Noms Pty Ltd (DRP)	4,771,900	1.41
Aspire Strategy Pte Ltd	4,000,000	1.18
Khai Ping Wun	3,000,000	0.89
J P Morgan Nominees Australia Limited	2,694,001	0.80
Dr Kang Hoe Lee	2,500,040	0.74
Dr Huat Seong Saw	1,000,000	0.30
Hiroshi Tatara	1,000,000	0.30
Ravindran Govindan	699,483	0.21
Harry Vui Khiun Lee	561,915	0.17
Meng Yau Yeoh	457,000	0.14
Arabesque Unit Trust Pty Ltd	317,400	0.09
Boon Hwa Koh	220,000	0.07

# SHAREHOLDER INFORMATION

## C. **Substantial holders**

Substantial holders in the company are set out below:

	<b>Number held</b>	<b>Percentage</b>
Citicorp Nominees Pty Limited	147,715,347	43.73
Kong Meng Ang	46,062,300	13.64
Sultan Ibrahim Ibni Almarhum Sultan Iskandar Al-Haj	40,000,000	11.84
HSBC Custody Nominees (Australia) Limited	33,482,068	9.91
Russing Med Holdings Pte Ltd	21,000,000	6.22

## D. **Voting rights**

Please refer Note 18.

## E. **On-market buy back**

There are no current on-market buy back.

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