Report of the Directors and Financial Statements

**NTUC HEALTH CO-OPERATIVE LIMITED
AND ITS SUBSIDIARIES**

Contents

2 Directors' Statement

4 Independent Auditors' Report

7 Statements Financial Position

8 Statements of Comprehensive Income

9 Statements of Changes in Equity

12 Consolidated Statement of Cash Flows

14 Notes to the Financial Statements

56 Corporate Information

57 Membership Listing and Shareholdings

58 NTUC Social Enterprises and Affiliated Unions and Associations

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Directors' Statement

We are pleased to submit this annual report to the members of the Co-operative together with the audited financial statements for the financial year ended 31 December 2016.

In our opinion:

(a) the accompanying financial statements of NTUC Health Co-operative Limited (the "Co-operative") and consolidated financial statements of the Co-operative and its subsidiary (the "Group") as set out on pages FS1 to FS53 are drawn up in accordance with the provisions of the Singapore Co-operative Societies Act, Chapter 62 and Singapore Financial Reporting Standards, so as to give a true and fair view of the financial position of the Group and of the Co-operative as at 31 December 2016 and of the financial performance, changes in equity and cash flows of the Group and the Co-operative for the year ended on that date; and

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

(c) the receipt, expenditure and investment of monies and the acquisition and disposal of assets made by the Co-operative during the financial year ended 31 December 2016 have been made in accordance with the By-laws of the Co-operative and provisions of the Act.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

DIRECTORS

The Directors in office at the date of this statement are as follows:

Tan Hwee Bin	(Chairman)
Willie Cheng Jue Hiang	
Liak Teng Lit	
Dr Christopher Lien	
Gerry Lee Kian Hup	
Tan Hock Soon	
Adeline Sum Wai Fun	(Appointed on 6 January 2017)

DIRECTORS' INTERESTS

No director who held office at the end of the financial year had interests in shares, debentures, warrants and share options in the Co-operative, or of related corporations, either at the beginning of the financial year, date of appointment if later, or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Co-operative a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Co-operative to acquire benefits by means of the acquisition of shares in or debentures of the Co-operative or any other body corporate.

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Directors' Statement

SHARE OPTIONS

During the financial year, there were:

(i) no share options granted by the Co-operative or its subsidiary to any person to take up unissued shares in the Co-operative or its subsidiary; and

(ii) no shares issued by virtue of any exercise of options to take up unissued shares of the Co-operative or its subsidiary.

As at the end of the financial year, there were no unissued shares of the Co-operative or its subsidiary under option.

AUDITORS

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Tan Hwee Bin
Director

Willie Cheng Jue Hiang
Director

19 May 2017

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Independent Auditors' Report

Members of the Co-operative
NTUC Health Co-operative Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of NTUC Health Co-operative Limited (the "Co-operative") and its subsidiary (the "Group"), which comprise the statement of financial position of the Group and the Co-operative as at 31 December 2016, the statement of comprehensive income, statement of changes in equity of the Group and the Co-operative and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS53.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Co-operative are properly drawn up in accordance with the provisions of the Co-operative Societies Act, Chapter 62 ('the Act') and Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the state of affairs of the Group and the financial position of the Co-operative as at 31 December 2016 and of the financial performance, changes in equity and cash flows of the Group and of financial performance and changes in equity of the Co-operative for the year ended on that date.

Basis for opinion

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

Other information

Management is responsible for the other information. The other information obtained at the date of this auditors' report is Directors' statement.

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

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

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Independent Auditors' Report

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Independent Auditors' Report

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion

In our opinion:

(a) the accounting and other records of those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the Singapore Companies Act, Chapter 50;

(b) the receipt, expenditure and investment of moneys and the acquisition and disposal of assets by the Co-operative during the year are, in all material respects, in accordance with the By-laws of the Co-operative and the provisions of the Act; and

(c) proper accounting and other records have been kept by the Co-operative.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
19 May 2017

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Statements of Financial Position

As at 31 December 2016

	Note	Group 2016 $	Group 2015 $	Co-operative 2016 $	Co-operative 2015 $
Non-current assets					
Property, plant and equipment	4	18,503,921	16,861,180	18,398,294	16,744,314
Investment properties	5	5,461,390	5,634,561	5,461,390	5,634,561
Investments in a subsidiary	6	–	–	101,764	101,764
Investments	7	10,212,976	10,469,773	10,212,976	10,469,773
		34,178,287	32,965,514	34,174,424	32,950,412
Current assets					
Inventories	8	26,295,242	27,498,017	23,883,752	25,805,481
Trade and other receivables	9	14,896,485	12,834,717	17,126,747	10,919,669
Prepayments		719,005	1,214,564	704,372	1,201,375
Cash and cash equivalents	10	24,647,490	15,322,068	20,834,374	13,618,759
		66,558,222	56,869,366	62,549,245	51,545,284
Total assets		100,736,509	89,834,880	96,723,669	84,495,696
Equity					
Share capital	11	26,908,074	27,120,874	26,908,074	27,120,874
Reserves					
- Fair value reserve	12	(393,932)	(473,885)	(172,984)	(252,937)
- Merger reserves	12	3,705,590	3,705,590	–	–
Accumulated profits		24,885,210	23,967,520	27,021,400	24,503,972
Equity attributable to owners of the parent		55,104,942	54,320,099	53,756,490	51,371,909
Non-controlling interest		362,554	762,488	–	–
Total equity		55,467,496	55,082,587	53,756,490	51,371,909
Non-current liabilities					
Deferred tax liabilities	13	1,988	1,988	–	–
Community Silver Trust	14	1,283,288	1,125,663	1,283,288	1,125,663
Deferred income	15	22,316	1,657,566	22,316	1,657,566
		1,307,592	2,785,217	1,305,604	2,783,229
Current liabilities					
Trade and other payables	16	37,814,324	29,340,906	35,978,553	28,130,093
Deferred income	15	4,568,172	1,134,615	4,568,172	1,134,615
Provisions	17	1,114,850	1,075,850	1,114,850	1,075,850
Current tax payable		464,075	415,705	–	–
		43,961,421	31,967,076	41,661,575	30,340,558
Total liabilities		45,269,013	34,752,293	42,967,179	33,123,787
Total equity and liabilities		100,736,509	89,834,880	96,723,669	84,495,696

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

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Statements of Comprehensive Income

Year ended 31 December 2016

	Note	Group 2016 $	Group 2015 $	Co-operative 2016 $	Co-operative 2015 $
Revenue	18	132,579,163	125,916,101	119,476,493	113,446,994
Other operating income	19	38,757,264	28,589,074	42,680,211	28,765,960
Consumables used		(86,076,809)	(81,535,109)	(80,423,862)	(75,691,843)
Staff costs	20	(45,986,211)	(37,681,204)	(43,605,267)	(35,588,130)
Depreciation expense		(5,039,638)	(4,455,689)	(4,978,425)	(4,411,685)
Rental expense		(13,714,250)	(13,049,128)	(13,592,507)	(12,979,578)
Other operating expenses		(17,457,998)	(13,491,914)	(15,884,683)	(11,787,057)
Profit before tax and contributions	21	3,061,521	4,292,131	3,671,960	1,754,661
Tax expense	22	(462,409)	(325,680)	–	–
Profit before contributions		2,599,112	3,966,451	3,671,960	1,754,661
Contributions					
Central Co-operative Fund		–	(25,000)	–	(25,000)
Singapore Labour Foundation	23	(563,218)	(250,932)	(563,218)	(250,932)
Profit after contributions		2,035,894	3,690,519	3,108,742	1,478,729
Honorarium to directors		(184,500)	(145,000)	(184,500)	(145,000)
Profit for the year		1,851,394	3,545,519	2,924,242	1,333,729
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Available-for-sale financial assets:					
- fair value gain/(loss)		121,203	(597,687)	121,203	(597,687)
- reclassifications to profit or loss		(41,250)	(206,394)	(41,250)	(206,394)
Other comprehensive income for the year		79,953	(804,081)	79,953	(804,081)
Total comprehensive income for the year		1,931,347	2,741,438	3,004,195	529,648
Profit for the year attributable to:					
Owners of the parent		1,324,504	3,103,695	2,924,242	1,333,729
Non-controlling interest		526,890	441,824	–	–
		1,851,394	3,545,519	2,924,242	1,333,729
Total comprehensive income attributable to:					
Owners of the parent		1,404,457	2,299,614	3,004,195	529,648
Non-controlling interest		526,890	441,824	–	–
		1,931,347	2,741,438	3,004,195	529,648

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

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Statements of Changes in Equity

Year ended 31 December 2016

	Note	Share capital $	Fair value reserve $	Merger reserves $	Accumulated profits $	Equity attributable to owners of the parent $	Non-controlling interests $	Total equity $
Group								
At 1 January 2015		27,234,124	335,275	3,705,590	21,405,774	52,680,763	446,881	53,127,644
Total comprehensive income for the year								
Profit for the year		–	–	–	3,103,695	3,103,695	441,824	3,545,519
Other comprehensive income for the year								
Available-for-sale financial assets:								
- reclassification to income statement		–	(206,394)	–	–	(206,394)	–	(206,394)
- fair value loss		–	(597,687)	–	–	(597,687)	–	(597,687)
Total other comprehensive income		–	(804,081)	–	–	(804,081)	–	(804,081)
Total comprehensive income for the year		–	(804,081)	–	3,103,695	2,299,614	441,824	2,741,438
Transactions with owners, recognised directly in equity								
Share capital issued during the year	11	10,000	–	–	–	10,000	–	10,000
Share capital withdrawn during the year	11	(123,250)	–	–	–	(123,250)	–	(123,250)
Dividends	11	–	–	–	(673,245)	(673,245)	–	(673,245)
Changes in ownership interest in subsidiary								
Acquisition of non-controlling interest without a change in control		–	(5,079)	–	131,296	126,217	(126,217)	–
At 31 December 2015		27,120,874	(473,885)	3,705,590	23,967,520	54,320,099	762,488	55,082,587

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

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Statements of Changes in Equity (cont'd)

Year ended 31 December 2016

	Note	Share capital $	Fair value reserve $	Merger reserves $	Accumulated profits $	Equity attributable to owners of the parent $	Non-controlling interests $	Total equity $
Group								
At 1 January 2016		27,120,874	(473,885)	3,705,590	23,967,520	54,320,099	762,488	55,082,587
Total comprehensive income for the year								
Profit for the year		–	–	–	1,324,504	1,324,504	526,890	1,851,394
Other comprehensive income for the year								
Available-for-sale financial assets:								
- reclassification to income statement		–	(41,250)	–	–	(41,250)	–	(41,250)
- fair value gain		–	121,203	–	–	121,203	–	121,203
Total other comprehensive income		–	79,953	–	–	79,953	–	79,953
Total comprehensive income for the year		–	79,953	–	1,324,504	1,404,457	526,890	1,931,347
Transactions with owners, recognised directly in equity								
Share capital withdrawn during the year	11	(212,800)	–	–	–	(212,800)	–	(212,800)
Dividends	11	–	–	–	(406,814)	(406,814)	–	(406,814)
Dividends declared to non-controlling interests		–	–	–	–	–	(926,824)	(926,824)
At 31 December 2016		26,908,074	(393,932)	3,705,590	24,885,210	55,104,942	362,554	55,467,496

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

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Statements of Changes in Equity (cont'd)

Year ended 31 December 2016

	Note	Share capital $	Fair value reserve $	Accumulated profits $	Total equity $
Co-operative					
At 1 January 2015		27,234,124	551,144	18,821,429	46,606,697
Total comprehensive income for the year					
Profit for the year		–	–	1,333,729	1,333,729
Other comprehensive income for the year					
Available-for-sale financial assets:					
- reclassification to profit/loss		–	(206,394)	–	(206,394)
- fair value loss		–	(597,687)	–	(597,687)
Total other comprehensive income		–	(804,081)	–	(804,081)
Total comprehensive income for the year		–	(804,081)	1,333,729	529,648
Transactions with owners, recognised directly in equity					
Share capital issued during the year	11	10,000	–	–	10,000
Share capital withdrawn during the year	11	(123,250)	–	–	(123,250)
Dividends	11	–	–	(673,245)	(673,245)
Effects of dissolution of NTUC Eldercare		–	–	5,022,059	5,022,059
At 31 December 2015		27,120,874	(252,937)	24,503,972	51,371,909
At 1 January 2016		27,120,874	(252,937)	24,503,972	51,371,909
Total comprehensive income for the year					
Profit for the year		–	–	2,924,242	2,924,242
Other comprehensive income for the year					
Available-for-sale financial assets:					
- reclassification to profit/loss		–	(41,250)	–	(41,250)
- fair value gain		–	121,203	–	121,203
Total other comprehensive income		–	79,953	–	79,953
Total comprehensive income for the year		–	79,953	2,924,242	3,004,195
Transactions with owners, recognised directly in equity					
Share capital withdrawn during the year	11	(212,800)	–	–	(212,800)
Dividends	11	–	–	(406,814)	(406,814)
At 31 December 2016		26,908,074	(172,984)	27,021,400	53,756,490

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

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Consolidated Statement of Cash Flows

Year ended 31 December 2016

	Group 2016 $	Group 2015 $
Cash flows from operating activities		
Profit before income tax and contributions	3,061,521	4,292,131
Adjustments for:		
Amortisation of deferred income	(2,786,806)	(1,950,500)
Allowance for doubtful third parties trade receivables	553,030	17,867
Bad debts written off	16,443	–
Depreciation of property, plant and equipment	4,866,467	4,220,519
Depreciation of investment properties	173,171	235,170
Dividend income	(62,003)	(45,807)
Interest income	(119,684)	(146,239)
Inventories written off	683,949	587,567
Gain on disposal of available-for-sale financial assets	(212,250)	(228,294)
Gain on disposal of investment property	–	(2,052,000)
Write off of property, plant and equipment	2,946	222,245
Operating cash flows before working capital changes	6,176,784	5,152,659
Working capital changes:		
Inventories	518,826	(6,607,140)
Trade and other receivables	(2,631,241)	1,385,791
Prepayments	495,559	(715,197)
Trade and other payables	7,219,808	(2,048,780)
Provisions	39,000	(64,000)
Community Silver Trust	157,625	153,719
Deferred income	4,389,242	1,689,370
Cash generated from/(used in) operations	16,365,603	(1,053,578)
Contributions paid to:		
- Central Co-operative Fund	(25,000)	(25,000)
- Singapore Labour Foundation	(250,932)	(70,300)
Income tax paid	(414,039)	(283,076)
Interest received	119,684	146,239
Directors' honorarium paid	(145,000)	(126,875)
Net cash from/(used in) operating activities	15,650,316	(1,412,590)

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

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Consolidated Statement of Cash Flows (cont'd)

Year ended 31 December 2016

	Note	Group 2016 $	Group 2015 $
Cash flows from investing activities			
Dividend received from available-for-sale financial assets		62,003	45,807
Purchase of property, plant and equipment		(6,512,154)	(5,690,550)
Purchase of available-for-sale financial assets		–	(6,000,000)
Proceeds from disposal of investment properties		–	3,850,000
Proceeds from disposal of available-for-sale financial assets		549,000	470,395
Net cash used in investing activities		(5,901,151)	(7,324,348)
Cash flows from financing activities			
Share capital issued during the year		–	10,000
Dividends paid		(406,814)	(1,006,839)
Withdrawal of shares		(212,800)	(123,250)
Net cash used in financing activities		(619,614)	(1,120,089)
Net increase/(decrease) in cash and cash equivalents		9,129,551	(9,857,027)
Cash and cash equivalents at beginning of the year		15,322,068	25,179,095
Cash and cash equivalents at the end of the year	10	24,451,619	15,322,068

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

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 19 May 2017.

1 DOMICILE AND ACTIVITIES

NTUC Health Co-operative Limited (the "Co-operative") is registered in Singapore with its registered office at 55 Ubi Avenue 1, #08-01, Singapore 408935.

The Co-operative is a subsidiary of NTUC Enterprise Co-operative Limited, which is also the Co-operative's ultimate holding entity.

The principal objectives of the Co-operative are those relating to retail pharmacy, provisions of health and community services to members and the public, and investment holding. The principal activities of its subsidiary is disclosed in Note 6 of the financial statements.

The financial statements of the Group as at and for the year ended 31 December 2016 comprise the Co-operative and its subsidiary (referred to as the "Group" and individually as "Group entities").

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the provision of the Singapore Co-operative Societies Act, Chapter 62 (the "Act") and Singapore Financial Reporting Standards ("FRSs").

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described below.

2.3 Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying transactions, events and conditions relevant to that entity (the "functional currency").

These financial statements are presented in Singapore dollars, which is the Co-operative's functional currency.

2.4 Significant accounting judgements and estimates

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

2 BASIS OF PREPARATION (CONT'D)

2.4 Significant accounting judgements and estimates (cont'd)

There are no significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 7 – fair value and impairment of investments;
- Note 8 – allowance for inventory obsolescence; and
- Note 9 – recoverability for doubtful receivables.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest ("NCI") in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition- date fair value, unless another measurement basis is required by FRSs.

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(ii) Subsidiary

Subsidiary is entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiary have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

(iii) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

(iv) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any NCI and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vi) Accounting for subsidiary by the Co-operative

Investments in subsidiary is stated in the Co-operative's statement of financial position at cost less accumulated impairment losses. On disposal of investments in subsidiary, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency transactions

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

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

3.3 Financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: loans and receivables, held-to-maturity and available-for-sale financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash, bank balances and deposits that are readily convertible to a known cash amount and are subject to an insignificant risk of changes in their fair value.

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial assets (cont'd)

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Held-to-maturity financial assets comprise unquoted bonds.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Certain available-for-sale unquoted equity investments are initially recognised at fair value plus directly attributable acquisition costs and are subsequently measured at cost less accumulated impairment loss as fair values cannot be reliably measured.

Available-for-sale financial assets comprise equity securities.

3.4 Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Group considers a decline of 20% to be significant and a period of nine months to be prolonged.

(i) Loans and receivables and held-to-maturity financial assets

The Group considers evidence of impairment for loans and receivables and held-to-maturity financial assets at both a specific asset and collective level. All individually significant loans and receivables and held-to-maturity financial assets are assessed for specific impairment. All individually significant loan and receivables and held-to-maturity financial assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables and held-to-maturity financial assets that are not individually significant are collectively assessed for impairment by grouping together loans and receivables and held-to-maturity financial assets with similar risk characteristics.

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Impairment of financial assets (cont'd)

(i) Loans and receivables and held-to-maturity financial assets (cont'd)

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity financial assets. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(ii) Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

3.5 Financial liabilities

Financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables.

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Disposal

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(iv) Depreciation

Depreciation is based on the cost of an asset less its residual value. Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use.

The estimated useful lives are as follows:

Freehold property	50 years
Leasehold building	50 years
Leasehold properties	50 years
Dental, medical and fitness equipment	5 years
Motor vehicles	10 years
Furniture and fittings	3 to 5 years
Computer and office equipment	3 to 5 years
Computer software	2 to 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives at each component of investment property.

The estimation useful lives are as follows:

Freehold buildings	50 years
Leasehold buildings and premises	50 years

Investment property is subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss as incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

3.8 Inventories

Inventories are measure at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

3.9 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

Calculation of recoverable amount

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), or on a *pro rata* basis.

Notes to the Financial Statements

For the financial year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Impairment of non-financial assets (cont'd)

Reversals of impairment

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.10 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

3.11 Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.12 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured.

Revenue is measured at the fair value of consideration, received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties.

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Revenue recognition (cont'd)

(i) Sale of goods

Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

(ii) Rendering of services

Revenue from rendering of services is recognised when the services are rendered.

When the services under a single arrangement are rendered in different reporting periods, the consideration is allocated on a relative fair value basis between the services.

(iii) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as 'other income'.

(iv) Advertising income

Advertising income comprises display income and trading term rebate from suppliers. Display income is recognised on straight-line basis over the duration of display. Trading term rebate is recognised when the entitlement to the rebate is established.

3.13 Government grants

An unconditional grant is recognised in profit or loss when the grant becomes receivable.

Other grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. These grants are then recognised in profit or loss on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised. Operating grant is taken to profit or loss in the period to which they relate.

3.14 Lease payments

The Group leases retail shop units and eldercare centres under operating leases. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Lease payments (cont'd)

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3.15 Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets and reclassifications of net gains previously recognised in OCI. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Finance costs comprise losses on disposal of available-for-sale financial assets, impairment losses recognised on financial assets (other than trade receivables) and reclassifications of net losses previously recognised in OCI.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.16 Contribution to Singapore Labour Foundation and Central Co-operative Fund

In accordance with Section 71(2) of the Co-operative Societies Act, Cap. 62, the Co-operative shall contribute 5% of the first $500,000 of the surplus to the Central Co-operative Fund and 20% of any surplus in excess of $500,000 to the Central Co-operative Fund or Singapore Labour Foundation as the Co-operative may opt.

3.17 Tax

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiary to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Tax (cont'd)

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.18 New standards and interpretations not adopted

A number of new standards, amendments to standards are effective for annual periods beginning after 1 January 2016 and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these financial statements.

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Group and the Company in future financial periods, the Group has assessed the transition options and the potential impact on its financial statements. Management provides these updates to the Board of Directors on the progress of implementing these standards. These updates cover key reporting and business risks and the implementation approach. The Group does not plan to adopt these standards early.

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 New standards and interpretations not adopted (cont'd)

New standards Summary of the requirements	Potential impact on the financial statements
FRS 115 *Revenue from Contracts with Customers*	
FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*. FRS 115 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. FRS 115 offers a range of transition options including full retrospective adoption where an entity can choose to apply the standard to its historical transactions and retrospectively adjust each comparative period presented in its 2018 financial statements. When applying the full retrospective method, an entity may also elect to use a series of practical expedients to ease transition.	The Group is in the process of assessing the impact on the Group's financial statements and expects the following key changes: **Identification of performance obligations** – The Group currently recognises revenue based on the different types of goods and services rendered. Under FRS 115, the Group is required to identify distinct performance obligations ("PO") in bundled arrangements (if any) and account for each PO separately, unless it can be demonstrated that the Group provides a significant integrated service; and the goods or services within the contract are highly dependent on or highly integrated with other goods or services. The Group does not expect a significant impact on the timing and amount of revenue recognition based on its performance obligations as at 31 December 2016. **Transition** – The Group plans to adopt the standard when it becomes effective in 2018 using the retrospective approach with practical expedients. The Group does not expect the transition adjustments to be material on its financial statements.

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 New standards and interpretations not adopted (cont'd)

New standards Summary of the requirements	Potential impact on the financial statements
FRS 109 *Financial Instruments*	
FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 January 2018.	The Group is currently in the process of assessing the assessment of the impact of adopting FRS 109 on the Group's financial statements. Based on the profile of the Group's financial assets and liabilities as at 31 December 2016, the Group's initial assessment of the three elements of FRS 109 is as described below. **Classification and measurement** – The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109. Loans and receivables and held-to-maturity debt securities that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109. For financial assets currently held at fair value, the Group expects to continue measuring most of these assets at fair value under FRS 109. **Impairment** – The Group plans to apply the simplified approach and record lifetime expected impairment losses on all trade receivables. Based on the profile of the Group's loans and receivables as at 31 December 2016, the Group does not expect a significant impact on its impairment loss allowance on the adoption of FRS109. **Hedge accounting** – The Group expects that all its existing hedges that are designated in effective hedging relationships will continue to qualify for hedge accounting under FRS 109. **Transition** – The Group plans to adopt the standard when it becomes effective in 2018 and will commence the process of gathering data to quantify the potential impact (if any) arising from the adoption.

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 New standards and interpretations not adopted (cont'd)

New standards

Summary of the requirements	**Potential impact on the financial statements**
FRS 116 *Leases*	
FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use ("ROU") assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.	The Group has performed a preliminary high-level assessment of the new standard on its existing operating lease arrangements as a lessee. Based on the preliminary assessment, the Group expects certain operating leases to be recognised as ROU assets with corresponding lease liabilities under the new standard.
FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor.	The Group plans to adopt the standard when it becomes effective in 2019. The Group will perform a detailed analysis of the standard, including the transition options and practical expedients in 2017.
When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*, and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.	
FRS 116 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if FRS 115 is also applied.	

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

4 PROPERTY, PLANT AND EQUIPMENT

	Freehold property $	Leasehold building $	Leasehold properties $	Dental, medical and fitness equipment $	Furniture and fittings $	Computer and office equipment $	Computer software $	Motor vehicles $	Total $
Group									
Cost									
At 1 January 2016	1,712,781	7,778,521	1,174,048	2,946,299	12,682,874	2,134,316	2,127,741	776,630	31,333,210
Additions	–	–	–	550,032	3,395,637	1,088,641	913,507	564,337	6,512,154
Write off	–	–	–	–	(721,203)	(75,854)	(29,400)	–	(826,457)
At 31 December 2016	1,712,781	7,778,521	1,174,048	3,496,331	15,357,308	3,147,103	3,011,848	1,340,967	37,018,907
Accumulated depreciation									
At 1 January 2016	514,783	2,489,127	320,398	1,210,523	7,113,687	1,211,679	1,529,991	81,842	14,472,030
Depreciation	39,495	155,570	27,000	541,207	3,122,874	454,459	369,931	155,931	4,866,467
Write off	–	–	–	–	(721,203)	(72,908)	(29,400)	–	(823,511)
At 31 December 2016	554,278	2,644,697	347,398	1,751,730	9,515,358	1,593,230	1,870,522	237,773	18,514,986
Carrying amounts									
At 1 January 2016	1,197,998	5,289,394	853,650	1,735,776	5,569,187	922,637	597,750	694,788	16,861,180
At 31 December 2016	1,158,503	5,133,824	826,650	1,744,601	5,841,950	1,553,873	1,141,326	1,103,194	18,503,921

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold property $	Leasehold building $	Leasehold properties $	Dental, medical and fitness equipment $	Furniture and fittings $	Computer and office equipment $	Computer software $	Motor vehicles $	Total $
Group									
Cost									
At 1 January 2015	1,712,781	7,778,521	1,174,048	1,983,094	11,490,772	1,569,784	1,738,193	208,959	27,656,152
Additions	–	–	–	1,107,260	3,020,391	674,667	389,548	584,684	5,776,550
Write off	–	–	–	(144,055)	(1,828,289)	(110,135)	–	(17,013)	(2,099,492)
At 31 December 2015	1,712,781	7,778,521	1,174,048	2,946,299	12,682,874	2,134,316	2,127,741	776,630	31,333,210
Accumulated depreciation									
At 1 January 2015	475,289	2,333,557	293,398	994,845	5,863,075	945,639	1,210,377	12,461	12,128,641
Depreciation	39,494	155,570	27,000	359,313	2,865,635	372,051	319,614	81,842	4,220,519
Write off	–	–	–	(143,635)	(1,615,023)	(106,011)	–	(12,461)	(1,877,130)
At 31 December 2015	514,783	2,489,127	320,398	1,210,523	7,113,687	1,211,679	1,529,991	81,842	14,472,030
Carrying amounts									
At 1 January 2015	1,237,492	5,444,964	880,650	988,249	5,627,697	624,145	527,816	196,498	15,527,511
At 31 December 2015	1,197,998	5,289,394	853,650	1,735,776	5,569,187	922,637	597,750	694,788	16,861,180

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold property $	Leasehold building $	Leasehold properties $	Dental, medical and fitness equipment $	Furniture and fittings $	Computer and office equipment $	Computer software $	Motor vehicles $	Total $
Co-operative									
Cost									
At 1 January 2016	1,712,781	7,778,521	1,174,048	2,946,299	12,566,434	1,965,805	2,044,650	776,630	30,965,168
Additions	–	–	–	550,032	3,354,954	1,079,350	913,507	564,337	6,462,180
Write off	–	–	–	–	(721,203)	(75,854)	–	–	(797,057)
At 31 December 2016	1,712,781	7,778,521	1,174,048	3,496,331	15,200,185	2,969,301	2,958,157	1,340,967	36,630,291
Accumulated depreciation									
At 1 January 2016	514,783	2,489,127	320,398	1,210,523	7,007,704	1,117,369	1,479,108	81,842	14,220,854
Depreciation	39,495	155,570	27,000	541,207	3,110,839	425,665	349,547	155,931	4,805,254
Write off	–	–	–	–	(721,203)	(72,908)	–	–	(794,111)
At 31 December 2016	554,278	2,644,697	347,398	1,751,730	9,397,340	1,470,126	1,828,655	237,773	18,231,997
Carrying amounts									
At 1 January 2016	1,197,998	5,289,394	853,650	1,735,776	5,558,730	848,436	565,542	694,788	16,744,314
At 31 December 2016	1,158,503	5,133,824	826,650	1,744,601	5,802,845	1,499,175	1,129,502	1,103,194	18,398,294

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold property $	Leasehold building $	Leasehold properties $	Dental, medical and fitness equipment $	Furniture and fittings $	Computer and office equipment $	Computer software $	Motor vehicles $	Total $
Co-operative									
Cost									
At 1 January 2015	1,712,781	7,778,521	1,174,048	1,983,094	11,384,792	1,448,075	1,695,870	208,959	27,386,140
Additions	–	–	–	1,107,260	3,009,930	614,661	348,780	584,684	5,665,315
Write off	–	–	–	(144,055)	(1,828,288)	(96,931)	–	(17,013)	(2,086,287)
At 31 December 2015	1,712,781	7,778,521	1,174,048	2,946,299	12,566,434	1,965,805	2,044,650	776,630	30,965,168
Accumulated depreciation									
At 1 January 2015	475,289	2,333,557	293,398	994,845	5,762,273	859,273	1,177,855	12,461	11,908,951
Depreciation	39,494	155,570	27,000	359,313	2,860,455	351,588	301,253	81,842	4,176,515
Write off	–	–	–	(143,635)	(1,615,024)	(93,492)	–	(12,461)	(1,864,612)
At 31 December 2015	514,783	2,489,127	320,398	1,210,523	7,007,704	1,117,369	1,479,108	81,842	14,220,854
Carrying amounts									
At 1 January 2015	1,237,492	5,444,964	880,650	988,249	5,622,519	588,802	518,015	196,498	15,477,189
At 31 December 2015	1,197,998	5,289,394	853,650	1,735,776	5,558,730	848,436	565,542	694,788	16,744,314

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

5 INVESTMENT PROPERTIES

	Group and Co-operative $
Cost	
At 1 January 2015	11,345,933
Disposal during the year	(3,100,000)
31 December 2015 and 31 December 2016	8,245,933
Accumulated depreciation	
At 1 January 2015	3,678,202
Depreciation for the year	235,170
Disposal during the year	(1,302,000)
At 31 December 2015	2,611,372
Depreciation for the year	173,171
At 31 December 2016	2,784,543
Carrying amounts	
At 1 January 2015	7,667,731
At 31 December 2015	5,634,561
At 31 December 2016	5,461,390

As at 31 December 2016, the Group and the Co-operative's investment properties are held under the following tenure:

	2016		2015	
	Carrying amount $	Fair value $	Carrying amount $	Fair value $
Leasehold	5,461,390	10,541,000	5,634,561	10,561,000

The fair value of investment property was determined by an external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The independent valuers provide the fair value of the Group's investment property portfolio every year. The fair value is based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Included in investment properties is a carrying amount of approximately $3,625,000 (2015: $3,735,000) representing the Group's and the Co-operative's 25% share in certain units jointly-owned with NTUC Income Insurance Co-operative Limited. As at 31 December 2016, the Group and the Co-operative have no contingent liabilities and capital commitments in respect of those units.

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

6 INVESTMENT IN A SUBSIDIARY

	Co-operative	
	2016	2015
	$	$
Unquoted equity shares, at cost	101,764	101,764
Allowance for impairment loss	–	–
	101,764	101,764

Movement in allowance for impairment loss is as follows:

	Co-operative	
	2016	2015
	$	$
At 1 January	–	231,258
Allowance utilised	–	(231,258)
At 31 December	–	–

Details of the subsidiary is as follows:

Name of subsidiary	Principal activity	Effective ownership interest	
		2016	2015
		%	%
Origins Healthcare Pte Ltd (Singapore) [1]	Trading of health products	80	80

Notes:

[1] Audited by KPMG LLP, Singapore

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

7 INVESTMENTS

	Group		Co-operative	
	2016	2015	2016	2015
	$	$	$	$
Held-to-maturity financial assets				
Unquoted debt securities	6,000,000	6,000,000	6,000,000	6,000,000
Available-for-sale financial assets				
Quoted equity investment, at fair value	2,330,976	2,599,773	2,330,976	2,599,773
Other unquoted equity investments, at fair value	1,852,000	1,840,000	1,852,000	1,840,000
Unquoted equity investments, at cost	230,000	230,000	230,000	230,000
Allowance for impairment loss	(200,000)	(200,000)	(200,000)	(200,000)
Total available-for-sale financial assets	4,212,976	4,469,773	4,212,976	4,469,773
At 31 December	10,212,976	10,469,773	10,212,976	10,469,773

There is no active market for the unquoted equity investments and the management is of the opinion that the fair value cannot be estimated within a reasonable range and the probabilities of the various estimates cannot be reasonably assessed. Accordingly, the management believes that the fair value of the unquoted shares in co-operative societies cannot be reliably measured and are carried at cost in accordance with the accounting policy described in Note 3.3.

The unquoted bond is issued by the holding co-operative, NTUC Enterprise Co-operative Limited. The unquoted bond has stated interest rates of 1.91% and will mature on 20 December 2018.

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

8 INVENTORIES

	Group		Co-operative	
	2016	2015	2016	2015
	$	$	$	$
Finished goods	26,759,061	27,641,772	24,347,571	25,949,236
Less: Allowance for inventory obsolescence	(463,819)	(143,755)	(463,819)	(143,755)
	26,295,242	27,498,017	23,883,752	25,805,481

The movement in allowance for inventory obsolescence during the year is as follows:

	Group		Co-operative	
	2016	2015	2016	2015
	$	$	$	$
At 1 January	143,755	118,146	143,755	118,146
Allowance for inventory obsolescence (net)	921,153	532,024	921,153	532,024
Allowance utilised	(601,089)	(506,415)	(601,089)	(506,415)
At 31 December	463,819	143,755	463,819	143,755

In 2016, Group's and the Co-operative's inventories of $85,392,860 (2015: $80,947,542) and $79,822,773 (2015: $75,185,428), respectively, were recognised as an expense during the period and included in "Consumables used".

In addition, the Group's and the Co-operative's inventories of $683,949 (2015: $587,567) and $601,089 (2015: $506,415) were written down to net realisable value. The write downs and reversals are included in "Consumables used".

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

9 TRADE AND OTHER RECEIVABLES

	Group		Co-operative	
	2016	2015	2016	2015
	$	$	$	$
Trade receivables	6,000,868	5,037,884	5,445,963	3,997,548
Amount due from related parties				
- Trade	893,371	961,515	12,356	–
- Non-trade	151,193	135,988	151,193	135,988
Amount due from subsidiary				
- Non-trade	–	–	–	107,636
Other receivables	5,731,450	4,131,461	5,731,450	4,131,461
Dividend receivables	–	–	3,707,296	–
Deposits	2,682,160	2,709,058	2,641,046	2,688,225
	15,459,042	12,975,906	17,689,304	11,060,858
Allowance for doubtful receivables	(562,557)	(141,189)	(562,557)	(141,189)
Loan and receivables	14,896,485	12,834,717	17,126,747	10,919,669

Non-trade amount due from related parties and subsidiary are unsecured, non-interest bearing and repayable on demand.

Other receivables includes grant and subsidy receivables of $4,677,952 (2015: $3,897,574).

Movement in the allowance for doubtful receivables are as follows:

	Group		Co-operative	
	2016	2015	2016	2015
	$	$	$	$
At 1 January	141,189	124,067	141,189	1,333,306
Allowance made during the year	553,030	17,867	553,030	17,867
Allowance utilised	(131,662)	(745)	(131,662)	(1,209,984)
At 31 December	562,557	141,189	562,557	141,189

The Group and the Co-operative's exposure to credit and currency risks, and impairment losses for trade and other receivables, excluding construction contract in progress, are disclosed in note 26.

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

10 CASH AND CASH EQUIVALENTS

	Group		Co-operative	
	2016	2015	2016	2015
	$	$	$	$
Cash at bank	24,230,345	12,570,441	20,421,090	11,367,631
Fixed deposits	–	2,499,927	–	1,999,928
Cash on hand	417,145	251,700	413,284	251,200
Cash and cash equivalents in statement of financial position	24,647,490	15,322,068	20,834,374	13,618,759
Less: Cash at bank in Medifund account	(195,871)	–	(195,871)	–
	24,451,619	15,322,068	20,638,503	13,618,759

Include in cash at bank is $195,871 (2015: $Nil) held on behalf of the Medifund account.

A specific bank account is established and maintained for the Medifund account.

The Medifund account is a grant from the Medical Endowment Fund (the "MEF") which is set up by the Government under the Medical and Elderly Care Endowment Schemes Act (Cap. 173A).

For the purpose of any written law in Singapore, all monies in the Medifund account are deemed not to form part of the property of the approved institution if it goes into voluntary or compulsory liquidation. In such event, the monies shall then be vested and paid into the MEF.

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

11 SHARE CAPITAL

	Number of shares	
	2016	2015
Co-operative		
Ordinary shares, fully paid with no par value:		
On issue at 1 January	27,120,874	27,234,124
Issued during the year	–	10,000
Withdrawn during the year	(212,800)	(123,250)
At 31 December	26,908,074	27,120,874

Rights of member

(a) The membership shares relates to shares held by members where redemption of share is subject to approval of the Board of Directors.

(b) All members are entitled to redeem their shares at the par value or the net asset value of the Co-operative based on the latest audited financial position as at the date of redemption, whichever is lower.

(c) The shares do not carry any rights to fixed income.

(d) In accordance with Section 4.6 of the Co-operative's By-Laws, every member shall, unless otherwise disqualified under the Act or the By-laws, have the right to:

(i) avail himself of all services of the Society;
(ii) stand for election to office, subject to the provisions of the Act and the By-laws, where applicable;
(iii) be co-opted to hold office in the Society, where applicable;
(iv) participate and vote at general meetings; and
(v) enjoy all other rights, privileges or benefits provided under the By-laws.

(e) Members are entitled to receive dividends as and when declared by the Co-operative.

(f) In the event of the winding up of the Co-operative, the assets shall be applied first to the cost of liquidation, then to the discharge of the liabilities of the Co-operative, then to the payment of the share capital or subscription capital, and then, provided that the By-laws of the Co-operative permit, to the payment of a dividend or patronage refund at a rate not exceeding that laid down in the Rules or in the By-Laws.

(g) Any monies remaining after the application of the funds to the purposes specified in the above paragraph (section 88 of Co-operative Societies Act) and any sums unclaimed after two years under Section 89 (2) of the Act (which relates to claims of creditors), shall not be divided among the members but shall be carried to the Co-operative Societies Liquidation Account kept by the Registrar of the Co-operative Societies.

(h) A sum carried to the Co-operative Societies Liquidation Account shall be kept in this Account for at least two years. Out of the Co-operative Societies Liquidation Account such sums may be transferred to the Central Co-operative Fund, or applied generally for the furtherance of co-operative principles in such manner, as the Minister may determine from time to time.

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

11 SHARE CAPITAL (CONT'D)

Dividends

The following exempt one-tier dividends were declared by the Group and Co-operative:

	Group		Co-operative	
	2016	2015	2016	2015
	$	$	$	$
Dividends to owners of the parent				
First and final exempt (one-tier) dividend paid of $0.015 (2015: $0.025) per share in respect of the previous financial year	406,814	673,245	406,814	673,245

12 RESERVES

Fair value reserve

The fair value reserve comprise the cumulative net change in the fair value of available-for-sale financial assets until they are disposed of or impaired.

Merger reserves

Merger reserves represent the identifiable net assets acquired to the Co-operative arising from the acquisition of business under common control.

13 DEFERRED TAX LIABILITIES

	Group		Co-operative	
	2016	2015	2016	2015
	$	$	$	$
Property, plant and equipment	1,988	1,988	–	–

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

14 COMMUNITY SILVER TRUST

The Community Silver Trust ("CST") is a scheme whereby the government will provide a matching grant of one dollar for every donation dollar raised by eligible organisations. The objectives are to encourage more donations and provide additional resources for the service providers in the Intermediate and Long Term Care ("ILTC") sector and to enhance capabilities and provide value-added services to achieve affordable and higher quality care. Donations received for ILTC programs are eligible for this grant.

15 DEFERRED INCOME

The deferred income relates to grants received in relation to:

(i) purchases, or to subsidise the purchase of specific assets and/or capital expenditure, and

(ii) defray certain cost as incurred in relation to specific services which the grants were provided for. Grants received are initially deferred in the statements of financial position and recognised systematically over the life of the underlying assets purchased. The deferred income also relates to grants received to offer care management service to the seniors qualifying for subsidies so that their complex social issues and care needs are being addressed adequately and appropriately with suitable community care and support service.

	Group		Co-operative	
	2016	2015	2016	2015
	$	$	$	$
At 1 January	2,792,181	3,053,311	2,792,181	3,053,311
Increase during the year	4,585,113	1,689,370	4,585,113	1,689,370
Less: Transfer to profit or loss	(2,786,806)	(1,950,500)	(2,786,806)	(1,950,500)
At 31 December	4,590,488	2,792,181	4,590,488	2,792,181
Analysed as follows:				
Current liabilities	4,568,172	1,134,615	4,568,172	1,134,615
Non-current liabilities	22,316	1,657,566	22,316	1,657,566
	4,590,488	2,792,181	4,590,488	2,792,181

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

16 TRADE AND OTHER PAYABLES

	Group		Co-operative	
	2016	2015	2016	2015
	$	$	$	$
Trade payables	18,051,786	18,450,512	18,390,042	18,608,215
Other payables	2,943,704	3,318,192	2,853,589	3,211,633
Amount due to subsidiary – non-trade	–	–	121,792	–
Amount due to related parties – non-trade	196,071	78,256	196,071	78,256
Dividend payable	962,766	39,471	35,942	39,471
Central Co-operative Fund	25,000	50,000	25,000	50,000
Singapore Labour Foundation	634,392	322,106	634,392	322,106
Honorarium to directors	184,500	145,000	184,500	145,000
Accrued operating expenses	10,461,560	6,937,369	9,182,680	5,675,412
Grants received in advance	4,354,545	–	4,354,545	–
	37,814,324	29,340,906	35,978,553	28,130,093

Non-trade amounts due to related parties and subsidiary are unsecured, non-interest bearing and repayable on demand.

Included in "Other payables" is an amount relating to Medifund account (see note 10).

The Group and the Co-operative's exposures to currency risk and to liquidity risk related to trade and other payables are disclosed in note 26.

17 PROVISIONS

	Group and Co-operative	
	2016	2015
	$	$
Provision for reinstatement costs	1,114,850	1,075,850
Movements in provision for reinstatement costs:		
At 1 January	1,075,850	1,139,850
Provision made	69,000	86,000
Provision utilised	(30,000)	(150,000)
At 31 December	1,114,850	1,075,850

Provision for reinstatement costs

The provision for reinstatement costs are the estimated costs of dismantle, removal or restoration of plant and equipment arising from the acquisition or use of assets, which are recognised and included in the cost of property, plant and equipment.

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

18 REVENUE

	Group		Co-operative	
	2016	2015	2016	2015
	$	$	$	$
Sales of goods	109,737,506	105,083,012	96,634,836	92,613,905
Dental services	17,081,194	16,024,895	17,081,194	16,024,895
Eldercare services	5,760,463	4,808,194	5,760,463	4,808,194
	132,579,163	125,916,101	119,476,493	113,446,994

19 OTHER INCOME

	Group		Co-operative	
	2016	2015	2016	2015
	$	$	$	$
Advertising income	8,989,180	8,230,130	8,989,180	8,230,130
Amortisation of deferred income	2,786,806	1,950,500	2,786,805	1,950,500
Customer redemption income	–	153,044	–	153,044
Dividend income	62,003	45,807	3,769,299	45,807
Foreign exchange gain, net	16,038	–	485	–
Gain on disposal of available-for-sale financial assets	212,250	228,294	212,250	228,294
Government grant	24,735,938	15,566,172	24,735,938	15,566,172
Interest income	119,684	146,239	118,943	140,593
Rental income	1,218,922	1,331,122	1,358,901	1,467,806
Others	616,443	937,766	708,410	983,614
	38,757,264	28,589,074	42,680,211	28,765,960

20 STAFF COSTS

	Group		Co-operative	
	2016	2015	2016	2015
	$	$	$	$
Salaries, bonuses and other short-term benefits	41,908,433	34,060,233	39,731,005	32,129,945
Employer's contribution to defined contribution plans	4,077,778	3,620,971	3,874,262	3,458,185
	45,986,211	37,681,204	43,605,267	35,588,130

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

21 PROFIT BEFORE TAX AND CONTRIBUTION

The following items have been charged/ (credited) in arriving at profit before tax and contribution:

	Group		Co-operative	
	2016	2015	2016	2015
	$	$	$	$
Advertisement and promotion expenses	750,511	1,001,502	480,004	698,152
Allowance for doubtful trade receivable – third parties	553,030	17,867	553,030	17,867
Bad debts written off	16,443	–	–	–
Patronage rebates/discounts	1,910,805	1,651,848	1,910,805	1,651,848
Write off of plant and equipment	2,946	222,245	2,946	221,559
Gain on disposal of investment properties	–	(2,052,000)	–	(2,052,000)

22 TAX EXPENSE

	Group	
	2016	2015
	$	$
Current tax expense		
Current year	464,075	333,078
Overprovision in respect of prior years	(1,666)	(7,398)
	462,409	325,680
Reconciliation of effective tax rate		
Profit before tax and contributions	3,061,521	4,292,131
Tax calculated using the Singapore tax rate of 17%	520,458	729,662
Expenses not deductible for tax purposes	11,306	2,687
Income not subject to tax	–	(298,745)
Income tax exemption	(25,925)	(25,925)
Productivity and innovation credit	(9,044)	(43,123)
Overprovision of current income tax in prior years	(1,666)	(7,398)
Corporate income tax rebate	(25,000)	(20,000)
Others	(7,720)	(11,478)
	462,409	325,680

The Co-operative is registered under the Co-operative Societies Act, Chapter 62 which is exempted from income tax under Section 13 of the Income Tax Act, Chapter 134, the tax incurred is pertaining to its non-Co-operative subsidiary's income tax expense.

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

23 SINGAPORE LABOUR FOUNDATION

	Group		Co-operative	
	2016	2015	2016	2015
	$	$	$	$
Contribution				
- current year	634,392	250,932	634,392	250,932
- over provision in prior year	(71,174)	–	(71,174)	–
	563,218	250,932	563,218	250,932

24 OPERATING LEASE

The Group and the Co-operative as lessees

The Group and the Co-operative lease various retail outlets and day care centres under non-cancellable operating leases. The leases typically run for a period of 10 years, with an option to renew the lease after that date. Lease payments are increased every five years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in a local price index. For certain operating leases, the Group is restricted from entering into any sublease arrangements.

The leases have variable lease charge of 0.25% to 15% (2015: 0.25% to 15%) of targeted gross sales as stipulated on the lease agreement and are negotiated for an average term of 3 years.

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

	Group		Co-operative	
	2016	2015	2016	2015
	$	$	$	$
Within one year	12,886,530	11,563,524	12,886,530	11,563,524
After one year but within five years	13,823,144	12,771,488	13,823,144	12,771,488
	26,709,674	24,335,012	26,709,674	24,335,012

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

24 OPERATING LEASE (CONT'D)

The Group and the Co-operative as lessors

The Group and the Co-operative lease out various retail and office space under non-cancellable operating leases. The leases are committed for an average of 3 years.

The future minimum lease receivables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as receivables, are as follows:

	Group and Co-operative	
	2016	2015
	$	$
Within one year	428,266	459,317
After one year but within five years	363,329	430,720
	791,595	890,037

Rental income earned by the Group and Co-operative from the investment properties amounted to $452,587 (2015: $621,627). Direct operating expenses arising from rental-generating investment properties during the financial period amounted to $245,176 (2015: $198,008).

25 RELATED PARTIES

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

In addition to the transactions disclosed elsewhere in the financial statements, the following significant related party transactions based on terms as agreed between the parties during the financial year:

	Group		Co-operative	
	2016	2015	2016	2015
	$	$	$	$
With subsidiary				
Purchase of goods	–	–	1,609,588	759,804
Rental income	–	–	139,979	146,252
With related parties				
Sales of goods	8,908,437	8,230,316	–	–
Consultancy fees	775,244	766,292	–	–
Rental paid	3,946,874	3,535,656	3,946,874	3,535,656
Patronage rebates/discounts	1,910,805	1,651,848	1,910,805	1,651,848
Management fee expense	1,597,200	1,597,200	1,597,200	1,597,200

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

25 RELATED PARTIES (CONT'D)

Compensation of key management personnel

The compensation of Directors and other members of the key management personnel of the Group and the Co-operative during the financial year were as follows:

	Group		Co-operative	
	2016	2015	2016	2015
	$	$	$	$
		(restated)		(restated)
Salaries and other benefits	2,976,474	2,897,167	2,976,474	2,897,167
Employer's contribution to defined contribution plan	124,882	136,756	124,882	136,756
Director's honorarium	184,500	145,000	184,500	145,000
	3,285,856	3,178,923	3,285,856	3,178,923

26 FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing those risks.

<u>Risk management framework</u>

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The carrying amount of financial assets in the statement of financial position represents the Group and the Co-operative's maximum exposure to credit risk.

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

26 FINANCIAL RISK MANAGEMENT (CONT'D)

Trade and other receivables

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Sale limits are established for each customer, these limits are reviewed regularly. Customers failing to meet the Group's benchmark creditworthiness may transact with the Group only on a cash basis.

At the reporting date, the Group has no significant concentration of credit risk. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the statement of financial position.

The Group does not require collateral in respect of trade and other receivables.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures.

The allowance account in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial assets.

The Group and the Co-operative held cash and cash equivalents of $24,647,490 and $20,834,374 respectively at 31 December 2016 (2015: $15,322,068 and $13,618,759 respectively), representing their maximum credit exposures on these assets. Cash and fixed deposits are placed with banks and approved financial institutions. The Group limits its credit risk exposure in respect of investments by only investing in liquid securities.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The Group's and Co-operative's maximum exposure to credit risk at the reporting date was:

	Group Carrying amount		Co-operative Carrying amount	
	2016	2015	2016	2015
	$	$	$	$
Loans and receivables				
Cash and cash equivalents	24,647,490	15,322,068	20,834,374	13,618,759
Trade and other receivables	14,896,485	12,834,717	17,126,747	10,919,669
	39,543,975	28,156,785	37,961,121	24,538,428

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

26 FINANCIAL RISK MANAGEMENT (CONT'D)

Impairment losses

The aging of loans and receivables (excluding cash and cash equivalents) as at 31 December is:

	2016		2015	
	Gross	Impairment loss	Gross	Impairment loss
	$	$	$	$
Group				
Not past due	13,493,680	–	10,938,276	–
Past due 1 to 30 days	1,112,889	–	1,038,042	–
Past due 31 to 60 days	78,690	–	456,424	–
Past due 61 to 90 days	143,720	–	216,372	–
Past due more than 90 days	630,063	562,557	326,792	141,189
	15,459,042	562,557	12,975,906	141,189
Co-operative				
Not past due	16,278,791	–	9,837,412	–
Past due 1 to 30 days	570,531	–	500,944	–
Past due 31 to 60 days	71,389	–	248,643	–
Past due 61 to 90 days	141,902	–	147,067	–
Past due more than 90 days	626,691	562,557	326,792	141,189
	17,689,304	562,557	11,060,858	141,189

Allowance for doubtful receivables

Management uses judgement to determine the allowance for doubtful receivables which are supported by historical write-off, credit history of the customers and repayment records. The Group reviews its allowance for doubtful receivables monthly. Balances which are overdue are reviewed individually for collectability. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Actual results could differ from estimates.

The Group and the Co-operative believes that the unimpaired amounts are still collectible and are within acceptable credit risk, based on historic payment behaviour and analysis of customer credit risk, including underlying customers' credit ratings, when available.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

26 FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, equity prices and interest rates will affect the Group's income or the value of its holdings of the financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

As at reporting date, the Group is not exposed to significant currency risks.

Interest rate risk

The Group and the Co-operative do not have significant exposure to interest-bearing financial instrument at the end of the reporting period except for its bank deposits and its held-to-maturity investment. Held-to-maturity investments are fixed rate instruments and a change in interest rate would not affect profit or loss. Bank deposits are short-term and with the current interest level, any future variations in interest rates are not expected to have a material impact on the Group's results. Accordingly, no sensitivity analysis is presented.

Equity price risk

Equity price risk arises from available-for-sale financial assets. Available-for-sale equity investments are held for strategic rather than trading purposes. The Group and the Co-operative do not actively trade available-for-sale investments.

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of reporting period.

The sensitivity analysis assumes an instantaneous 5% change in the equity prices from the end of the reporting period, with all variables held constant.

	Increase/(Decrease)			
	Group		Co-operative	
	2016	2015	2016	2015
	$	$	$	$
Available-for-sales financial assets	209,149	221,989	209,149	221,989

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

26 FINANCIAL RISK MANAGEMENT (CONT'D)

Capital management

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

The Group and the Co-operative manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Co-operative may adjust the return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year.

Financial instruments by category

Set out below is a comparison by category of carrying amounts of all the Group's financial instruments that are carried in the financial statements:

	Note	Available-for-sale financial assets	Held-to-maturity financial assets	Loans and receivables	Financial liabilities at amortised cost	Total
		$	$	$	$	$
Group						
2016						
Assets						
Cash and cash equivalents	10	–	–	24,647,490	–	24,647,490
Trade and other receivables	9	–	–	14,896,485	–	14,896,485
Investments	7	4,212,976	6,000,000	–	–	10,212,976
		4,212,976	6,000,000	39,543,975	–	49,756,951
Liabilities						
Trade and other payables	16	–	–	–	(37,814,324)	(37,814,324)
2015						
Assets						
Cash and cash equivalents	10	–	–	15,322,068	–	15,322,068
Trade and other receivables	9	–	–	12,834,717	–	12,834,717
Investments	7	4,469,773	6,000,000	–	–	10,469,773
		4,469,773	6,000,000	28,156,785	–	38,626,558
Liabilities						
Trade and other payables	16	–	–	–	(29,340,906)	(29,340,906)

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

26 FINANCIAL RISK MANAGEMENT (CONT'D)

Financial instruments by category (cont'd)

	Note	Available-for-sale financial assets $	Held-to-maturity financial assets $	Loans and receivables $	Financial liabilities at amortised cost $	Total $
Co-operative						
2016						
Assets						
Cash and cash equivalents	10	–	–	20,834,374	–	20,834,374
Trade and other receivables	9	–	–	17,126,747	–	17,126,747
Investments	7	4,212,976	6,000,000	–	–	10,212,976
		4,212,976	6,000,000	37,961,121	–	48,174,097
Liabilities						
Trade and other payables	16	–	–	–	(35,978,553)	(35,978,553)
Co-operative						
2015						
Assets						
Cash and cash equivalents	10	–	–	13,618,759	–	13,618,759
Trade and other receivables	9	–	–	10,919,669	–	10,919,669
Investments	7	4,469,773	6,000,000	–	–	10,469,773
		4,469,773	6,000,000	24,538,428	–	35,008,201
Liabilities						
Trade and other payables	16	–	–	–	(28,130,093)	(28,130,093)

Determination of fair values

Fair values

The carrying amounts of the Group and the Co-operative's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2016 and 2015.

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group at the reporting date.

Non-derivative financial assets and liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting dates.

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

26 FINANCIAL RISK MANAGEMENT (CONT'D)

Other financial assets and liabilities

The notional amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

Fair value hierarchy

The tables below analyse fair value measurements for financial assets and financial liabilities, by the levels in the fair value hierarchy based on the inputs to valuation techniques. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: unobservable inputs for the asset or liability.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

	Fair value measurement using: Level 1 $	Level 2 $	Level 3 $
2016			
Group			
Assets			
Available-for-sale financial assets			
- Quoted equity investments	–	2,330,976	–
- Other unquoted equity investments	–	1,852,000	30,000
Held-to-maturity financial assets			
- Other unquoted debt security	–	–	6,000,000
Co-operative			
Assets			
Available-for-sale financial assets			
- Quoted equity investments	–	2,330,976	–
- Other unquoted equity investments	–	1,852,000	30,000
Held-to-maturity financial assets			
- Other unquoted debt security	–	–	6,000,000

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

26 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair value hierarchy (cont'd)

	Fair value measurement using:		
	Level 1	Level 2	Level 3
	$	$	$
2015			
Group			
Assets			
Available-for-sale financial assets			
- Quoted equity investments	378,000	2,221,773	–
- Other unquoted equity investments	–	1,840,000	30,000
Held-to-maturity financial assets			
- Other unquoted debt security	–	–	6,000,000
Co-operative			
Assets			
Available-for-sale financial assets			
- Quoted equity investments	378,000	2,221,773	–
- Other unquoted equity investments	–	1,840,000	30,000
Held-to-maturity financial assets			
- Other unquoted debt security	–	–	6,000,000

Level 3 fair value

Valuation techniques

The following table shows the valuation techniques used in measuring Level 3 fair value:

Type	Fair value	Valuation technique
	$	
2016		
Available-for-sale financial assets	30,000	Lower of NAV or par value
Held-to-maturity investments	6,012,422	Discounted cash flows
2015		
Available-for-sale financial assets	30,000	Lower of NAV or par value
Held-to-maturity investments	6,010,028	Discounted cash flows

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the financial year ended 31 December 2016

26 FINANCIAL RISK MANAGEMENT (CONT'D)

Valuation techniques (cont'd)

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	Group and Co-operative	
	2016	2015
	$	$
At 1 January	6,030,000	478,495
Additions	–	6,000,000
Disposal	–	(448,495)
At 31 December	6,030,000	6,030,000

There were no transfers of classification between levels during the current or prior financial year.

The fair values of other unquoted equity investments are based on broker quotes. The fair value of these instrument are determined through the use of discounted net assets valuation techniques with observable market inputs such as estimated yield rates and market interest rates at the reporting date. These financial instruments have been classified as level 2 in the current financial years. There have been no changes in the valuation techniques of available-for-sale financial assets during the financial year.

27 SUBSEQUENT EVENT

On 1 March 2017, NTUC Enterprise Co-operative Limited made a capital injection of $15 million into the Co-operative.

Corporate Information

BOARD OF DIRECTORS

Tan Hwee Bin	*Chairman*
Willie Cheng	
Liak Teng Lit	
Dr Christopher Lien	
Gerry Lee	
Tan Hock Soon	
Adeline Sum	

BOARD COMMITTEES

Establishment Committee

Tan Hwee Bin	*Chairman*
Willie Cheng	
Adeline Sum	

Professional Standards Committee

Liak Teng Lit	*Chairman*
Christopher Lien	
Adeline Sum	

Audit and Risk Committee

Willie Cheng	*Chairman*
Gerry Lee	
Tan Hock Soon	

REGISTERED ADDRESS

55 Ubi Avenue 1 #08-01
Singapore 408935

AUDITOR

KPMG LLP

BANKERS

DBS Bank Ltd
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited

UNION

Healthcare Services Employees' Union

K Thanaletchimi	*President*
Diana Chia Siew Fui	*General Secretary*
Charles Ng Theng Loon	*Executive Secretary*
Dicky Loe Keng Hoong	*General Treasurer*

NTUC Health - Union Branch Committee

Enid Maria D'Souza	*Branch Chairperson*
Lim Siew Ngoh	*Branch Secretary*

NTUC HEALTH CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES

Membership Listing and Shareholdings

As at 31 December 2016

S/N	Name of Institutional Shareholder	Total Shares
1	NTUC Enterprise Co-operative Ltd	15,556,944
2	National Trades Union Congress	110,000
3	AUPE Multi-purpose Co-operative Ltd	10,000
4	Ngee Ann Polytechnic Consumer Co-operative Society Ltd	10,000
5	NTUC Income Insurance Co-operative Limited	1,000,000
6	Singapore Mercantile Co-operative Society Ltd	10,000
7	The Singapore Government Staff Credit Co-operative Society Ltd	10,000
8	The Singapore Teachers' Co-operative Society Limited	50,000
	Institutional Share Capital as at 31 December 2016	16,756,944
	Ordinary Share Capital (18,047 members)	10,151,130
	Total Share Capital as at 31 December 2016	26,908,074

NTUC Social Enterprises and Affiliated Unions and Associations

NTUC SOCIAL ENTERPRISES

- NTUC Fairprice Co-operative Limited
- NTUC First Campus Co-operative Limited
- NTUC Foodfare Co-operative Limited
- NTUC Health Co-operative Limited
- NTUC Income Insurance Co-operative Limited
- NTUC LearningHub Private Limited
- NTUC Link Private Limited

NTUC-AFFILIATED UNIONS AND ASSOCIATIONS

- AESU Air Transport Executive Staff Union
- AUPDRW Amalgamated Union of Public Daily Rated Workers
- AUPE Amalgamated Union of Public Employees
- AUSBE Amalgamated Union of Statutory Board Employees
- AREU Attractions, Resorts & Entertainment Union
- BATU Building Construction And Timber Industries Employees' Union
- CIEU Chemical Industries Employees' Union
- CMPU Creative Media and Publishing Union
- DBSSU DBS Staff Union
- DSSU dnata Singapore Staff Union
- ESU Education Services Union
- EMSEU ExxonMobil Singapore Employees Union
- FDAWU Food, Drinks and Allied Workers Union
- HSEU Healthcare Services Employees' Union
- HDBSU Housing and Development Board Staff Union
- IRASSU Inland Revenue Authority of Singapore Staff Union
- KEU Keppel Employees Union
- KFEU Keppel FELS Employees' Union
- MIWU Metal Industries Workers' Union
- NTA National Taxi Association
- NPHVA National Private Hire Vehicles Association
- NTWU National Transport Workers' Union
- NEU NatSteel Employees' Union
- NPASU Ngee Ann Polytechnic Academic Staff Union
- POU Port Officers' Union
- PUBEU Public Utilities Board Employees' Union
- RLEU Reuters Local Employees Union
- STSU Scoot Tigerair Staff Union
- SMEEU Shipbuilding and Marine Engineering Employees' Union
- SEEU SIA Engineering Company Engineers and Executives Union
- SIASU Singapore Airlines Staff Union
- SATSWU Singapore Airport Terminal Services Workers' Union
- SBEU Singapore Bank Employees' Union
- SBOA Singapore Bank Officers' Association
- SCTU Singapore Chinese Teachers' Union
- SISEU Singapore Industrial & Services Employees' Union
- SIEU Singapore Insurance Employees' Union
- SITU Singapore Interpreters' and Translators' Union
- SMTU Singapore Malay Teachers' Union
- SMMWU The Singapore Manual & Mercantile Workers' Union
- SMOU Singapore Maritime Officers' Union
- SOS Singapore Organisation of Seamen
- SPWU Singapore Port Workers Union
- SRCEU Singapore Refining Company Employees' Union
- SSEU-Shell Singapore Shell Employees' Union
- SSU Singapore Stevedores' Union
- STTU Singapore Tamil Teachers' Union
- STU Singapore Teachers' Union
- STEEU Singapore Technologies Electronics Employees' Union
- SUBE Singapore Union of Broadcasting Employees
- SURAWU Singapore Urban Redevelopment Authority Workers' Union
- SSSU SPRING Singapore Staff Union
- SUN Staff Union of NTUC-ARU
- TPGEU Times Publishing Group Employees' Union
- UITS Union of ITE Training Staff
- UPAGE Union of Power and Gas Employees
- USE Union of Security Employees
- UTES Union of Telecoms Employees of Singapore
- UWEEI United Workers of Electronics & Electrical Industries
- UWPI United Workers of Petroleum Industry

This page is intentionally left blank

NTUC HEALTH CO-OPERATIVE LIMITED

55 UBI AVE 1 #08-01 SINGAPORE 408935
T (65) 6590 4300 | **F** (65) 6590 4389 | **W** www.ntuchealth.sg
facebook.com/**NTUCHealth**

Registration Number: S92CS0208D