35 Years of Caring and Healing

RafflesMedicalGroup
www.rafflesmedicalgroup.com

Annual Report 2010

Turning 35 in 2011

35 years ago, our founders, together with their colleagues, set out to develop a medical practice that would *serve patients* using a team-based approach. Today, Raffles is an *integrated healthcare* organisation that provides comprehensive yet *personalised care* and service of the highest *quality*. In 2011, we celebrate 35 years of caring and healing.

on cover

Senior Physician Dr Yong Chern Chet and Senior Staff Nurse Jiang Ping with a patient.

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vision:
We aspire to be your lifetime healthcare partner

core values:

compassion
We put you and your well being at the centre of all that we do, treating all with respect, compassion and dignity

commitment
We will uphold your trust by maintaining the highest professional integrity and standards

excellence
We will continually seek advancement and innovation to achieve better healthcare

team-based care
We dedicate and combine our skills, knowledge and experience for your benefit

value
We seek always to create value for you

From left to right:
Deputy Manager and Radiographer Khor Jan Nee, Specialist in Medical Oncology Dr Donald Poon, Specialist in Anaesthesiology Dr Ho Kok Yuen and Staff Nurse Cynthia Ko.

Financial Highlights

2010 Performance At A Glance

PROFIT AFTER TAX

↑19.6%

Profit after tax grew 19.6% to S$45.5 million

OPERATING PROFIT

↑17.0%

Operating profit grew by 17.0% to S$53.0 million

GROUP REVENUE

↑9.4%

Group achieved 9.4% growth in revenue to S$239.1 million

HEALTHCARE SERVICES DIVISION

↑6.1%

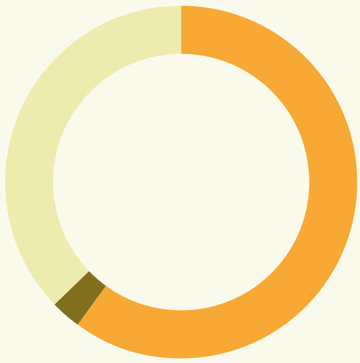
Revenue from Healthcare Services Division grew 6.1%

HOSPITAL SERVICES DIVISION

↑12.1%

Revenue from Hospital Services Division grew 12.1%

Revenue Contribution By Segment



Healthcare Services 37%

Investment 3%

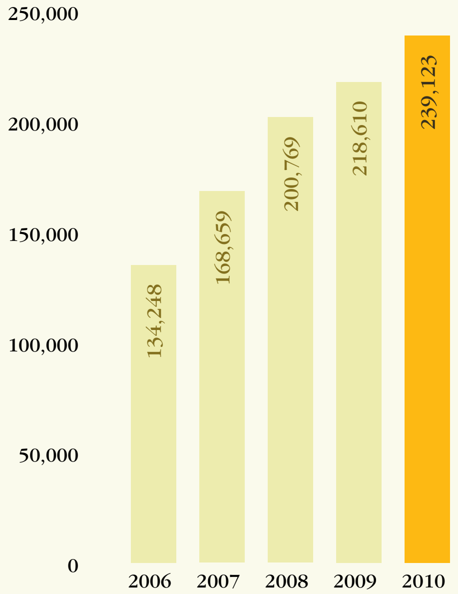
Hospital Services 60%

Financial Summary

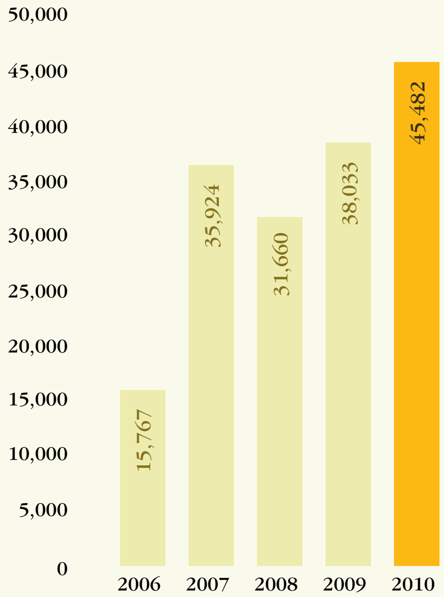
	2006 $'000	2007 $'000	2008 $'000	2009 $'000	2010 $'000
Revenue	134,248	168,659	200,769	218,610	239,123
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	21,873	44,249	45,385	52,220	59,955
Operating Profit	17,505	26,396	38,715	45,277	52,969
Profit Before Tax	20,044	41,422	38,350	45,047	53,096
Profit After Tax	15,767	35,924	31,660	38,033	45,482
Diluted Earnings per Share (cents)	3.44 #	7.23	6.02	7.22	8.51
Net Asset Value per Share (cents)	24.87 #	38.98	42.87	48.04	54.46
Return on Equity (%)	13.9	17.9	14.2	15.2	15.8

Figures restated to account for the one-for-ten bonus issue

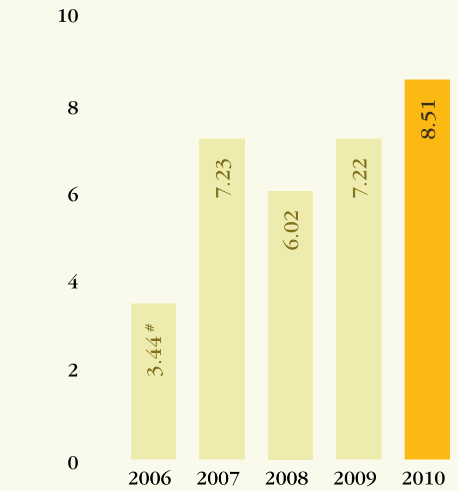
Group Revenue
(S$'000)



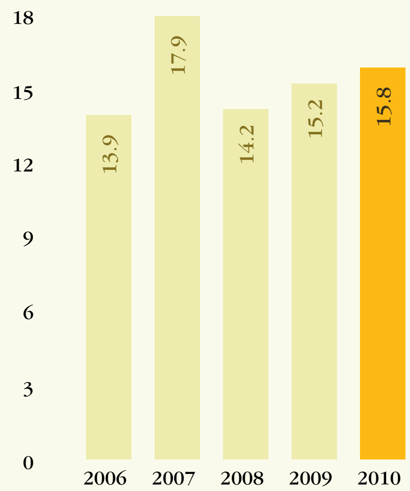
Group Profit After Tax
(S$'000)



Earnings Per Share
(cents)



Return On Equity
(%)



 # Figures restated to account for the one-for-ten bonus issue

Staff Nurse Michelle Poon

UPHOLDING values & ethics

Our journey for the last three-and-a-half decades has been anchored in a philosophy of group practice wherein our doctors, nurses, managers and staff work together as a team for the benefit of our patients. This founding philosophy and our commitment "To Our Patients Our Best" will continue to be at the core of our vision as we grow to meet our patients' evolving needs in the coming years.

Chairman's Statement

Dear Shareholders,

2010 was a good year for Singapore and the region. The Singapore economy rebounded strongly with a 14.5% growth. Regional economies also recovered to varying degrees.

Dr Loo Choon Yong
Executive Chairman

This year, the group will be celebrating its 35 years of caring and healing as well as its growth from a small two-clinic practice. I am confident that this record of growth can be sustained into the future. Asia's growing economies, its ageing population and their growing appetite for good quality healthcare as their disposable incomes rise, all augur well for private sector healthcare. The Group intends to stay focused on delivering its brand of compassionate healthcare services to corporate clients and individual patients. The Raffles vision, core values and our multidisciplinary group practice will continue to be the foundation of our Group. All your directors, physicians, nurses, and management are resolutely committed to the vision and core values.

Group Performance 2010

We achieved another record Group revenue of $239.1 million, a growth of 9.4% over the previous year. We also reported a record profit after tax of $45.5 million, a 19.6% growth compared to 2009. All divisions of the Group contributed to this excellent growth results. Our group practice at the network clinics as well as Raffles Hospital specialist clinics continue to grow, serving more Singaporean and foreign patients. We need to continue to invest in and grow our services, our people as well as our physical facilities and technologies. The Raffles Story is a story of relentless growth because more and more patients, both old and new, seek our advice, treatment and services.

Growth in Singapore

In the year, the Group received outline permission from the Urban Redevelopment Authority to expand the current Raffles Hospital by 102,408 square feet. This additional area will enable the Group to expand existing services as well as develop new facilities and services such as radiation oncology and neuroscience services.

Early in 2011, the Group was also successful in the acquisition of the 7 storey freehold podium commercial block of Thong Sia Building at 30, Bideford Road for $92.08 million. The Group will use all the 42,668 square feet as a specialist medical centre to serve our local and foreign patients at the Orchard Road tourist belt.

Growth in the Region

The Group opened a medical centre in Shanghai in the year. This is our first step into China, a country with a growing economy, growing affluence and an aging population with growing demand for good quality healthcare services. The medical centre serves expatriate as well as local patients. As the Shanghai medical centre establishes itself, the Group is also seeking opportunities to grow both in other districts of Shanghai as well as other first tier cities in China.

Appreciation

The Group exists to serve its patients and its corporate clients. Every day thousands of patients are served through our clinics, medical centres and the Raffles Hospital. Our collective and individual commitment to deliver compassionate care and services to each and every one of our patients is tested every time a patient walks through our doors. Their continued patronage is a strong testimony that we are delivering on our promise. We thank each and every patient for their support and trust in us.

We are also grateful to our corporate clients in Singapore and the region for entrusting their staff and their families to our team of physicians, nurses and healthcare managers. We will keep improving our quality of care and services as well as our cost efficiency.

We recognise and appreciate the dedication and commitment shown by all our staff. Many work long hours, often on weekends and public holidays to ensure our patients get our very best.

We thank all shareholders for sharing and supporting our vision and our Board Directors for their leadership, guidance and encouragement.

Dr Loo Choon Yong
Executive Chairman

CELEBRATING healthcare

1976

Good friends and medical school classmates Dr Loo Choon Yong and Dr Alfred Loh took over Teng's Clinic at Cecil Street and Maxwell House, and operated the practice under the name Drs Teng & Partners on 1 August.

1980

The name of the practice was changed to Raffles Medical Group, adopting the name of Dr Loo and Dr Loh's alma mater – Raffles Institution.

1990

Raffles Medical Group was appointed in June to be the exclusive medical provider for Singapore Changi Airport, operating clinics in Passenger Terminal 1 and 2 and the Cargo Complex.

Following the demand for a reliable dental service for the passengers and crew, Raffles Denticare was established. First clinic opened at Terminal 2.

1996

The Group started its pre-paid corporate care programme - RafflesCare - under an exempt insurance licence from the Monetary Authority of Singapore.

1997

On 11 April, Raffles Medical Group became the first full-fledged healthcare provider to go public in Singapore when it got listed on SESDAQ, the second board of the Stock Exchange of Singapore.

Raffles Medical Group acquired the medical group - Drs Oram & Partners - which provided a platform for expansion of its Hong Kong practice.

1998

The Group was appointed exclusive medical provider for Hong Kong's Chek Lap Kok Airport.

2000

The Group's first overseas Representative Office was opened in Jakarta.

Raffles Medical Group was listed on the Main Board of the Singapore Stock Exchange on 10 July.

2003

Raffles Japanese Clinic was set up on 15 January to serve an exclusively Japanese clientele.

When SARS reared its ugly head in Singapore, Raffles Medical Group was appointed to conduct temperature screening at the air, land and sea border checkpoints.

Raffles Health was launched in March to develop and distribute quality personal healthcare products. Among its earliest products was the SARS Protect kit.

Epic separation surgery of Iranian twins Laleh and Ladan Bijani was carried out in July.

In July, the Korean twins Ji Hye and Sa Rang were successfully separated.

2004

The first living donor renal transplant was successfully performed on 13 September.

Acupuncture service was introduced for outpatients in November and extended to inpatients in April 2005.

Raffles Medical Group's humanitarian arm, renamed Asian Medical Foundation, sent its first relief mission to Aceh on 26 December to assist in the 2004 Boxing Day Asian tsunami crisis.

In a first for a healthcare group in Singapore, the International Medical Insurers (IMI) was issued a licence by the Monetary Authority of Singapore in November. It commenced operations as a healthcare insurance company on 2 January 2005.

1992

Raffles Diagnostica was set up to provide laboratory and radiology services to complement the Group's medical services.

1993

Raffles SurgiCentre opened on 18 September at No.182 Clemenceau Avenue as the first standalone ambulatory care centre in Southeast Asia.

1995

Raffles Medical Group opened its first overseas clinic in Hong Kong at the Lane Crawford Building on Queen's Road in December.

2001

Raffles Hospital commences operations on 31 March. The first inpatients of Raffles Hospital were seven patients transferred from the SurgiCentre.

The first Raffles baby was born at 7.20pm, 19 July. She was delivered by Consultant Obstetrician Dr Joan Thong Pao Wen.

2002

Raffles Hospital was officially opened by then Deputy Prime Minister Mr Lee Hsien Loong on 16 March.

Raffles Medical Group's humanitarian arm – The Medical Foundation – was set up to serve the community.

First open heart surgery was successfully performed on a longtime patient of the Group in June.

Raffles Medical Group achieves Group wide ISO 9001:2000 certification in October.

2005

Raffles Hospital has become an international patients' hub. A third of the hospital's patients are foreigners, comprising nationals from 100 countries.

2006

The Monetary Authority of Singapore approved IMI's life licence on 31 March, enabling it to write long-term, guaranteed renewable health insurance products.

Raffles Chinese Medicine commenced operations on 1 April to offer services in herbal medicine, acupressure, and acupuncture.

2007

In June 2007, the Group announced that it acquired the remaining 50 per cent of the Raffles Hospital building then owned by CapitaLand-Raffles Properties Pte Ltd.

2009

In view of its commitment to quality care, Raffles Hospital received the Joint Commission International Accreditation in January 2009.

2010

Raffles Medical opens its first medical centre in Shanghai. Based in the Innov Tower at the business park along Hong Mei Lu, the medical centre is ideally positioned to serve the expatriate and local community in the city.

Board of Directors

From left to right:
Mr Tan Soo Nan, Associate Professor Wee Beng Geok, Mr Olivier Lim, Mr Tham Kui Seng, Dr Loo Choon Yong, Professor Lim Pin

1 DR LOO CHOON YONG

Executive Chairman and Co-Founder

Dr Loo Choon Yong co-founded the Raffles Medical Group in 1976 and was appointed as Executive Chairman in 1997. Dr Loo holds directorships in several companies, including CapitaMalls Asia Limited, International Medical Insurers Pte Ltd and Raffles Hospital Pte Ltd. Dr Loo was appointed by the President of Singapore as the Ambassador to the Italian Republic from March 2006. He chairs the Sentosa Development Corporation Ltd and Sentosa Golf Club. He is a member of the Board of Trustees of Singapore Management University (SMU). He is the Chairman of the Asian Medical Foundation Ltd.

Dr Loo was a Nominated Member of Parliament from January 2005 to May 2006 and again from January 2007 to June 2009. He also served as a member of the Government Economic Review Committee ("ERC") and Chairman of the ERC's Healthcare Services Working Group.

In the area of social service, Dr Loo had been active in the fight against drug abuse for more than 20 years. He was the former chairman of National Council Against Drug Abuse and President of Singapore Anti-Narcotic Association.

Besides his medical training, Dr Loo also read Law at the University of London and is a member of Middle Temple.

Dr Loo was conferred the CEO of the Year award in May 2010 at the Singapore Corporate Awards organised by The Business Times and supported by Singapore Stock Exchange.

2 MR TAN SOO NAN

Independent Director

Mr Tan Soo Nan is the Chief Executive Officer of Singapore Pools (Private) Limited, a wholly owned subsidiary of Singapore Totalisator Board. Mr Tan is also concurrently the Chief Executive of Singapore Totalisator Board. He is a trustee of the Singapore Totalisator Board SCO Trust and Sporting Singapore Fund Board of Trustees. He is a member of the Olympic Pathway Program Identification Sub-Committee, Singapore National Olympic Council Executive Committee and Vice-President of the Football Association of Singapore. He is the Vice-Chairman of the Asia-Pacific Lottery Association ("APLA") and a member of the Executive Committee of APLA. Mr Tan also serves on the board of private and public listed companies including Singapore Mercantile Exchange Pte Ltd and Osim International Ltd. Mr Tan was formerly the Chief Executive Officer of Temasek Capital (Private) Limited and Senior Managing Director of DBS Bank and had over 29 years of experience in the banking industry. He joined the Board on 28 July 2000.

3 ASSOCIATE PROFESSOR WEE BENG GEOK

Independent Director

Dr Wee Beng Geok is Associate Professor of strategy, management and organisation at the Nanyang Business School, Nanyang Technological University (NTU). She is also the Director of the Asian Business Case Centre at the University. She holds a PhD in Management Systems and Sciences from the University of Hull; a Master in Business Administration from Cranfield Institute of Technology, and a Bachelor of Business Administration from the University of Singapore. She has worked both in the corporate sector and academia and held management positions in various companies. She joined the Board on 27 November 2000.

4 PROFESSOR LIM PIN

Independent Director

Professor Lim Pin is Professor of Medicine at National University of Singapore (NUS) and Senior Consultant Endocrinologist at the National University Hospital. He was the former Vice Chancellor of NUS from 1981 to 2000, and is accorded the highest academic title of 'NUS University Professor' in recognition of his work and achievements. Prof Lim is the Chairman of the National Wages Council, Bioethics Committee Singapore, Singapore Millennium Foundation, Singapore-MIT Alliance for Research & Technology ("SMART"), Special Needs Trust Company and Deputy Chairman, Lee Kuan Yew Water Prize Council. He joined the Board on 19 February 2001.

5 MR THAM KUI SENG

Independent Director

Mr Tham is a director of Straits Trading Company Limited, Global Logistics Properties Limited, SPI (Australia) Assets Pty Ltd and CapitaLand China Holdings Pte Ltd. He also serves on the Board of The Housing and Development Board (HDB) and chairs EM Services Private Limited. Mr Tham was the former Chief Corporate Officer of CapitaLand Limited and the Chief Executive Officer of CapitaLand Residential Limited. Mr Tham holds a Bachelor of Arts (Honours) in Engineering Science from the University of Oxford, UK. He joined the Board on 1 October 2009.

6 MR OLIVIER LIM

Independent Director

Mr Olivier Lim is the Group Chief Financial Officer of CapitaLand Limited. He is a Non-Executive Director of CapitaMalls Asia Limited, CapitaMall Trust Management Limited, CapitaCommercial Trust Management Limited, Australand Holdings Limited. He is also Chairman of Mount Faber Leisure Group Pte Ltd, and a member of the Board of both Sentosa Development Corporation and the Accounting and Corporate Regulatory Authority.

Prior to joining CapitaLand Limited, he was Director and Head of the Real Estate Unit, Corporate Banking in Citibank Singapore. He has more than 20 years of work experience in diverse areas including corporate banking, investment banking, corporate finance and real estate financial products.

Mr Lim was named Chief Financial Officer of the Year in 2007 (for firms with market value of S$500 million or more) in The Business Times' Singapore Corporate Awards. He was awarded Best Investor Relations by a CFO by IR Magazine in its South East Asia Awards in 2009 and 2010, and was named CFO of the Year by The Asset magazine in its 2010 Asian Awards.

Mr Lim holds a First Class Honours degree in Civil Engineering from the Imperial College of Science, Technology and Medicine, United Kingdom. He joined the Board on 1 October 2009.

Radiographer Joanna Wong

ACHIEVING medical excellence

Our focus on providing high quality care and service drives us to put medical excellence at the centre of everything we do. We are committed to providing innovative and class-leading healthcare to our patients and clients.

Senior Management

From left to right:
Dr Prem Kumar Nair, Mr Lui Chong Chee, Mr Teo Kah Ling, Mrs Sok Lee Chandran, Dr Loo Choon Yong, Mr Victor Lye, Mrs Kimmy Goh, Ms Jean Lee Yong, Dr Kenneth Wu, Mr Lawrence Lim

DR LOO CHOON YONG
Executive Chairman
Raffles Medical Group

DR PREM KUMAR NAIR
Chief Corporate Officer
Raffles Medical Group

MR LUI CHONG CHEE
Chief Financial Officer
Raffles Medical Group

MR LAWRENCE LIM
General Manager
Raffles Hospital

DR KENNETH WU
General Manager
Raffles Medical Clinics

MR VICTOR LYE
General Manager
International Medical Insurers

MRS KIMMY GOH
Group Financial Controller
Raffles Medical Group

MRS SOK LEE CHANDRAN
Director, Corporate Finance
Raffles Medical Group

MS JEAN LEE YONG
Deputy Director, Human Resource
Raffles Medical Group

MR TEO KAH LING
Deputy Director, Information Technology
Raffles Medical Group

Clinical Leaders

From left to right:
A/Prof Adrian Yap, Dr Wilson Wong, Dr Chng Shih Kiat, Dr Mok Ying Jang, Dr Charles Poon, Dr Onishi Yoichi, Dr Yang Ching Yu, Prof Walter Tan, Dr Yii Hee Seng, Dr Alfred Loh, Dr Lee Jong Jian

DR ALFRED LOH
Senior Clinical Director
Raffles Medical Clinics

DR WILSON WONG
Medical Director
Raffles Medical Clinics

DR YII HEE SENG
Medical Director
International Medical Insurers

DR CHNG SHIH KIAT
Deputy Medical Director
Raffles Medical Clinics

PROF WALTER TAN
Medical Director
Raffles Hospital

DR YANG CHING YU
Medical Director
Raffles Hospital

DR LEE JONG JIAN
Deputy Medical Director
Raffles Hospital

A/PROF ADRIAN YAP
Dental Director
Raffles Dental

DR ONISHI YOICHI
Medical Director
Raffles Japanese Clinic

DR MOK YING JANG
Medical Director
Raffles Medical Group, Hong Kong

DR CHARLES POON
Medical Director
Raffles Medical Group, Shanghai

Senior Physician Dr Wong Wei Mon

INSPIRING future growth

Our dedication to providing comprehensive healthcare services has been achieved by growing all our business units and seeking new opportunities to serve the communities around us. Our corporate footprint extends beyond Singapore into the region.

Operations Review

As Raffles Medical Group enters its 35th year of operations on 1 August 2011, we look back on a 2010 that was marked by the opening of our first medical centre in China, located in the commercial hub of Shanghai.

The Group's revenue increased 9.4% from $218.6 million in 2009 to $239.1 million in 2010. Profit after tax for the Group grew by 19.6% attaining a record $45.5 million.

All divisions in the group contributed positively to the growth with Hospital Services division increasing its revenue by 12.1% and Healthcare Services division growing by 6.1%.

New Raffles Medical clinics ensure wider reach of medical services to our patients and corporate clients.

From left to right:
Consultant Dr George Varghese, Staff Nurse Erica Tan, Family Physician Dr Mandy Woo, Senior Physician Dr Yong Chern Chet, Senior Clinic Coordinator Ayin Rashid and Senior Executive Neo Tuan Ling.

RAFFLES MEDICAL

Staying Close to You

Raffles Medical opened three new clinics at One Marina Boulevard, Changi Business Park and MapleTree Business City in 2010. Ogilvy Centre and Clementi clinics were relocated to new premises that provide patients greater convenience and a pleasant environment during their visits.

The network of GP clinics across Singapore placed greater emphasis on health screening, chronic disease care and vaccination services to patients, reflecting greater national efforts in these areas.

Other than providing acute and urgent care as a key service at its clinics, Raffles Medical also delivers comprehensive outpatient services including lifestyle medical services, preventive and health screening services, occupational and corporate health, chronic disease management, immunisation programs, travel medicine and 24-hour emergency medical services.

In Partnership with Your Health

Raffles Executive Medical Centre, the premium family and corporate clinic at Raffles Hospital now has a loyal foreign patient base in addition to the established local clientele.

Always taking an interest in and actively meeting the needs of corporate clients, Raffles Medical continued to grow and expand its client base, while ensuring that existing clients' needs are met or enhanced. Working closely to understand the profile and requirements of each corporate client, Raffles Medical aims to go the extra mile in providing customised solutions that will suit the healthcare needs of employees within different companies and industries.

Artist's impression of Raffles Hospital's proposed extension.

RAFFLES HOSPITAL

Meeting Your Diverse Healthcare Needs

Meeting patients' evolving medical needs has always been the focus at Raffles Hospital. Permission to build an additional 102,408 square feet of floor space on its existing site at North Bridge Road was granted by the Urban Redevelopment Authority in 2010. This will allow Raffles Hospital to develop new facilities and services for its patients.

The pool of experts expanded as new consultants from different specialties such as anaesthesiology and pain management, cardiology, dentistry, dermatology, diagnostic radiology, geriatric medicine, infectious diseases, medical oncology, oral & maxillofacial surgery, respiratory medicine and urology were recruited. New centres and clinics like the Raffles UroRenal Centre, Raffles Pain Management Centre, and Infectious Diseases Clinic were set up to develop the clinical breadth and depth of Raffles Hospital.

Operations Review (cont'd)

Raffles UroRenal Centre integrates renal and urology care, providing greater convenience to patients who require joint management of their conditions.
In the photo: Dr Lim Kok Bin, Specialist in Urology, and Dr Ekachai Danipanich, Specialist in Nephrology, attend to a patient.

Meeting patients' evolving medical needs has always been the focus at Raffles Hospital. New centres and clinics like the Raffles UroRenal Centre, Raffles Pain Management Centre, Infectious Diseases Clinic were set up to develop the clinical breadth and depth of Raffles Hospital.

Raffles UroRenal Centre is the first in Singapore to bring about integrated renal and urology care to patients in 2010. The Centre provides a one-stop service for all consultations and treatments relating to the kidney, bladder, urinary tract and the male reproductive system, providing more convenience to patients with related needs.

Raffles Pain Management Centre was newly established with a clear objective to relieve patients with chronic cancer and non-cancer pain by helping them to improve physical function, sleep and quality of life. Patients will have access to a variety of treatments including medication, physiotherapy, occupational therapy, interventional pain therapy, acupuncture as well as Traditional Chinese medication. A multi-disciplinary team of specialists including pain physicians, orthopaedic surgeons, neurologists, psychiatrists, psychologists and physiotherapists, work together to help solve difficult pain problems.

The Infectious Diseases Clinic was set up within the Raffles Internal Medicine Centre to focus on the comprehensive diagnosis, prevention and treatment of infectious diseases such as Avian Influenza, Dengue Fever, Hand, Foot and Mouth Disease, Malaria and Sexually Transmitted Diseases. The Clinic also provides important advice and effective measures to individuals on keeping well during travels.

A relocation of Raffles Japanese Clinic in Liang Court to enlarged premises within the same building was carried out the same year; offering expanded services in family medicine, dentistry and services for children.

Raffles Hospital undertook a humanitarian endeavour on 10 January 2010. Funded by the Hospital and the Asian Medical Foundation, the charity arm of Raffles Medical Group, a surgery was performed on Ms Wu Xiaofen, from the Yi minority from Yunnan, China, to remove a rare malignant tumour that covered 30% of her scalp. Putting together the medical expertise from neurology, plastic surgery, anesthesiology, medical oncology, pathology, diagnostic radiology and internal medicine, the tumour was removed and reconstruction of the scalp was completed successfully. Ms Wu recovered very well after the surgery and flew back home 18 days later.

At the new Raffles Pain Management Centre, a multi-disciplinary team of specialists work together to relieve patients of their chronic pain problems.
In the photo: Dr Ho Kok Yuen, Specialist in Anaesthesiology and Clinical Director of Pain Management Service, discusses a patient's case with Physiotherapist Ena Ng.

Operations Review (cont'd)

On 10 January 2010, consultants across different specialties demonstrated team-based care in treating Ms Wu Xiaofen from Yunnan, China for a rare malignant tumour. In the photo: On behalf of Chinese Ambassador H.E Zhang Xiaokang, Mr Gong Chunsen, Counsellor and Mr Chang Haitao, Third Secretary, from the China Embassy in Singapore visited Ms Wu Xiaofen and her mother to send them their good wishes.

Reaching Out

Raffles Hospital continued to focus on the development of overseas markets in 2010. It expanded its wings into the regional countries by casting a wider net. New liaison offices and business associates were established in Cambodia, Myanmar, Pakistan, Sabah and Turkey among others.

The hospital also developed the secondary cities of established markets, such as Indonesia, Russia, Vietnam and Bangladesh.

In 2010, international patient visits from all over the world reached a new record. Indonesia, Russia and Vietnam ranked as the top three countries. The Middle East was also a significant source of patients in 2010, and patients from this region are expected to increase in 2011. Effective marketing efforts and strengthening of patient referral networks with international insurance, medical evacuation companies, overseas liaison offices and associates contributed to the growth.

Key specialty areas that these patients sought treatment for included cardiology, cardiovascular surgery, health screening, oncology, orthopaedic and spine surgery, neurology/neurosurgery, colorectal and general surgery, ophthalmology and fertility care.

RAFFLES HEALTH

Raffles Health, the nutraceutical arm of the Group, registered strong improvement in sales in 2010. Leveraging on the medical expertise and experience within the Group, it expanded its range of herbal, vitamin and mineral products to include Triple Lecithin, Folic Acid, and Chromium Picolinate.

Constantly increasing and improving its product range to meet consumers' needs, Raffles Health is also working towards expanding its presence to other markets.

INTERNATIONAL OPERATIONS

With the aim of bringing quality healthcare services beyond Singapore, the group opened Raffles Medical Shanghai, a premiere one-stop medical centre in Innov Tower at Hong Mei Lu. It provides medical, dental, radiology and health screening services. Located in the same building, Raffles Japanese Clinic opened its first overseas clinic that offers family medicine, health screening and paediatrics services to the Japanese living in China.

The IMI Wellness Membership program was launched to meet the growing demand for preventive medicine and care.

IMI

Financing Your Health

International Medical Insurers (IMI) further increased its international medical portfolio in 2010. Its expatriate market grew by 40% compared to 2009. This was achieved by securing new clients and launching new products.

As a specialist healthcare insurer, IMI offers clients customised employee plans, which complements their personal Shield plans, to promote portability of medical benefits. In response to the growing corporate demand for preventive medicine and care, IMI Wellness Membership program was launched and it was well received.

BREAKING NEW GROUNDS

Guided by our mission and core values, we will continue to serve our patients and clients with pride and integrity. Sitting at the core of our business is a system of seamless multi-disciplinary team-based care that has proven to be a key success factor for the organisation over the last 35 years.

The group maintains its competitive edge by actively seeking to improve and continually exploring new avenues to bring better healthcare to patients. This allows us to bring the familiar Raffles' brand of care and healing to more patients in Singapore and beyond.

Sitting at the core of our business is a seamless multi-disciplinary team based care that has proven to be the key success of the organisation over the last 35 years.

Patients from across the globe are assured of quality healthcare services at Raffles Hospital.

Professional Governance

RafflesHospital

MEDICAL ADVISORY BOARD

Professor Walter Tan (Chairman)

Professor Edward Tock

Dr J J Murugasu

Dr Tan Yew Ghee

Dr Teo Sek Khee

Dr Thong Pao-Wen

Dr Yang Ching Yu

Dr Yeong Kuan Yuen

Dr Yii Hee Seng

Mr Lawrence Lim

CREDENTIALLING & PRIVILEGING COMMITTEE

Dr Yang Ching Yu (Chairman)

Dr Khoo Chong Yew

Dr Alfred Loh

Dr S Krishnamoorthy

Professor Walter Tan (Ex Officio)

ETHICS COMMITTEE

Dr J J Murugasu (Chairman)

Professor Walter Tan

Professor Nambiar Rajmohan

Professor Edward Tock

Associate Professor Chew Chin Hin

Dr Alfred Loh

Reverend Dr Isaac Lim

Mr Mike Barclay

Mr Victor Lye

Mr Moiz Tyebally

QUALITY COMMITTEE

Dr Alfred Loh (Chairman)

Mr Lawrence Lim

Dr J J Murugasu

Professor Walter Tan

Dr Yang Ching Yu

Dr Wilson Wong

Ms Jean Lee Yong

Mdm Tan Lay Geok

Ms Lai Swee Lin

Ms Kartini Sameejan

Ms Pang Yen Yin (Secretary)

MEDICAL AUDIT COMMITTEE

Dr Chan Choong Chee (Chairman)

Dr Teo Sek Khee

Dr Ng Wai Lin

Dr Veronica Toh

Dr Sathiaseelan Sivanathan

Dr Alfred Loh (Ex Officio)

Ms Kartini Sameejan (Secretary)

SURGICAL AUDIT COMMITTEE

Dr J J Murugasu (Chairman)

Professor Edward Tock (Co-Chairman)

Dr Yang Ching Yu

Dr Law Ngai Moh

Dr Lee I Wuen

Dr Eric Teh

Dr Tan Yew Ghee

Dr S Krishnamoorthy

Dr Lim Kok Bin

Professor Walter Tan (Ex Officio)

Dr Alfred Loh (Ex Officio)

Ms Kartini Sameejan (Secretary)

PHARMACY & THERAPEUTICS COMMITTEE

Dr Yang Ching Yu (Chairman)

Dr Law Ngai Moh (Co-Chairman)

Dr Teo Sek Khee

Dr Yii Hee Seng

Ms Lai Swee Lin (Secretary)

INFECTION CONTROL COMMITTEE

Dr Teo Sek Khee (Chairman)

Dr Wong Kutt Sing

Dr Rachel Chan Wai Wai

Ms Kartini Sameejan

Ms Ong Suat Kien

Ms Wong Kim Tee Roselyn

Ms Lee Lai Fun

Ms Lim Hwa Hiang

Ms Esther Thng Hui Hui

Ms Janice Lim Yuying

Ms Alice Chan Teck Meng (Secretary)

OPERATING THEATRE COMMITTEE

Dr Eric Teh
(Chairman)

Dr Stephen Lee

Dr Thong Pao-Wen

Dr Yang Ching Yu

Dr Tan Yew Ghee

Dr Lim Lian Arn

Dr Lim Yeow Wai

Dr David Wong

Dr Fong Yan Kit

Dr Lee Jong Jian

Mdm Tan Lay Geok

Ms Teo Poh Lin
(Secretary)

BLOOD TRANSFUSION & TISSUE REVIEW COMMITTEE

Dr S Krishnamoorthy (Chairman)

Dr Eric Teh
(Co-chairman)

Dr Koh Gim Hwee

Dr Sathiaseelan Sivanathan

Dr Jean Ho

Ms Fa'eezah Bte Hamzah

Ms Pang Yen Yin

Mr Seow Ser Hoe
(Secretary)

PATIENT CASE REVIEW COMMITTEE

Dr Ng Chin
(Chairman)

Dr Alvin Ng Chee Keong
(Co-Chairman)

Dr Sheila Loh

Dr Sathiaseelan Sivanathan

Dr Tan Hsiang Lung

Dr Rachel Chan Wai Wai

Mdm Tan Lay Geok

Ms Lai Swee Lin

Ms Kartini Sameejan

Ms Ong Suat Kien

Ms Fa'eezah Bte Hamzah

Ms Alice Chan Teck Meng
(Secretary)

CRITICAL CARE COMMITTEE

Dr Chan Choong Chee (Chairman)

Dr Alvin Ng Chee Keong

Dr Wong Kutt Sing

Dr Veronica Toh

Dr Alex Lee

Dr Gabriel Cheong

Mr Muhammad Nasir (Secretary)

RafflesMedical

MEDICAL BOARD

Dr Wilson Wong
(Chairman)

Dr Alfred Loh

Dr Yii Hee Seng

Dr Salleh Omar Alkhatia

Dr Hoo Kai Meng

Dr Chin Min Kwong

Dr Chng Shih Kiat

Dr Choo Shiao Hoe

PHARMACY & THERAPEUTICS COMMITTEE

Dr Yii Hee Seng
(Chairman)

Dr Hoo Kai Meng

Corporate Information

RafflesMedicalGroup

BOARD OF DIRECTORS

Dr Loo Choon Yong
Executive Chairman

Mr Tan Soo Nan
Independent Director

Associate Professor Wee Beng Geok
Independent Director

Professor Lim Pin
Independent Director

Mr Tham Kui Seng
Independent Director

Mr Lim Tse Ghow Olivier
Independent Director

AUDIT COMMITTEE

Mr Tan Soo Nan
Chairman

Associate Professor Wee Beng Geok

Mr Tham Kui Seng

Dr Loo Choon Yong

NOMINATION & COMPENSATION COMMITTEE

Associate Professor Wee Beng Geok
Chairman

Professor Lim Pin

Dr Loo Choon Yong

REGISTERED / CORPORATE OFFICE

585 North Bridge Road
Raffles Hospital #11-00
Singapore 188770
Tel: 6311 1111
Fax: 6338 1318
Email: enquiries@raffleshospital.com

COMPANY SECRETARIES

Mrs Sok Lee Chandran

Ms Tay Kim Choon Kimmy

SHARE REGISTRAR

M & C Services Private Limited
138 Robinson Road #17-00
The Corporate Office
Singapore 068906

AUDITORS

KPMG LLP
Certified Public Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Partner-in-Charge:
Ms Kum Chew Foong
Year of Appointment: 2009

PRINCIPAL BANKERS

DBS Bank Ltd

Overseas-Chinese Banking Corporation Limited

United Overseas Bank Limited

IMI
The Specialist Healthcare Insurer

BOARD OF DIRECTORS

Dr Loo Choon Yong
Chairman

Mr Tan Soo Nan
Non-Executive Director

Mr N Ganesan s/o N N Pillay
Independent Director

Mr Ngiam Tong Dow
Independent Director

Mr Edmund Koh Kian Chew
Independent Director

COMPANY SECRETARIES

Mrs Sok Lee Chandran

Ms Tay Kim Choon Kimmy

AUDITORS

KPMG LLP
Certified Public Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Partner-in-Charge: Mr Venkat Iyer
Year of Appointment: 2005

PRINCIPAL BANKERS

DBS Bank Ltd

United Overseas Bank Limited

Corporate Governance

CORPORATE GOVERNANCE STATEMENT

The Directors and Management of Raffles Medical Group are committed to comply with the Code of Corporate Governance (the Code) issued by the Corporate Governance Committee in 2005 so as to ensure greater transparency and protection of shareholders' interests. This statement outlines the main corporate governance practices that were in place throughout the financial year.

PRINCIPLE 1: THE BOARD'S CONDUCT OF ITS AFFAIRS

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with the Management to achieve this and the Management remains accountable to the Board.

The primary role of the RMG's Board of Directors (the Board) is to protect and enhance the long-term value of its shares for all the shareholders. To fulfil this role, the Board is responsible for the overall corporate governance of the Group including setting its strategic and entrepreneurial direction, establishing goals for the Management and monitoring the achievement of these goals. The Board currently holds four scheduled meetings each year. In addition, the Board also meets to discuss strategy and holds meetings at such other times as may be necessary to address any specific significant matters that may arise. The Articles of Association of the Company also provide for telephonic and video conference meetings to facilitate meetings among the Directors. We have disclosed the attendance of the Directors at Meetings of the Board and Board Committees, as well as the frequency of such meetings in this Report.

The Board has decided that certain matters shall always be approved by the Board. These include:
- the approval of quarterly results announcements;
- the approval of the annual accounts;
- the declaration of interim dividends and proposal of final dividends;
- convening of Shareholders' Meetings;
- the approval of corporate strategy and direction of the Group;
- material acquisitions or disposals;
- the approval of transactions involving a conflict of interest for a substantial shareholder or a Director or interested person transactions; and
- the appointment of new Directors

All other matters are delegated to Committees whose actions are reported to and monitored by the Board.

TRAINING OF DIRECTORS

All new Directors are briefed on the operations of all the key businesses and support units. New Directors are equipped with relevant information on their duties as Directors under the Singapore law. Directors are also updated on a regular basis on accounting and regulatory changes. Directors may at any time request further explanation, briefing or informal discussion on any aspects related to the Company's operations.

Corporate Governance (cont'd)

PRINCIPLE 1: THE BOARD'S CONDUCT OF ITS AFFAIRS (cont'd)

ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

The table below sets out the attendances at meetings of the Board and Board Committees convened in the course of the year:

Name of Director	Board		Audit Committee		Nomination & Compensation Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Dr Loo Choon Yong	5	5	4	4	1	1
Mr Tan Soo Nan	5	5	4	4	NA	NA
Associate Professor Wee Beng Geok	5	5	4	4	1	1
Professor Lim Pin	5	3	NA	NA	1	1
Mr Tham Kui Seng	5	5	4	4	NA	NA
Mr Lim Tse Ghow Olivier	5	4	NA	NA	NA	NA

Note:
NA: Not applicable

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The names of the Directors of the Company in office at the date of this Report are set out below.

The Board has objectively reviewed its composition and is satisfied that such composition is appropriate. In any event, the Board will constantly examine its size with a view to determine the impact upon its effectiveness.

As at the date of this Report, RMG's Board comprises six suitably qualified members:

Name of Director	Date of Appointment	Nature of Appointment	Prime Function	Other Functions	Academic and Professional Qualifications
Dr Loo Choon Yong Age: 62	16/5/1989	Executive/ Non-independent	Chairman	Member of Nomination & Compensation Committee and Audit Committee	MBBS (S'pore), MCFP (S'pore), Dip. Cardiac Medicine (London), LLB (Hons) London, Barrister (Middle Temple)
Mr Tan Soo Nan Age: 62	28/7/2000	Non-executive/ Independent	Member	Chairman of Audit Committee	Bachelor of Business Admin (Hons), Associate of The Chartered Institute of Bankers Chief Executive Singapore Totalisator Board and Chief Executive Officer of Singapore Pools (Pte) Ltd

Corporate Governance (cont'd)

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE (cont'd)

Name of Director	Date of Appointment	Nature of Appointment	Prime Function	Other Functions	Academic and Professional Qualifications
Associate Professor Wee Beng Geok Age: 62	27/11/2000	Non-executive/ Independent	Member	Chairman of Nomination & Compensation Committee and Member of Audit Committee	PhD in Management Systems & Sciences (Hull), MBA (Cranfield Institute of Technology), BBA (S'pore) Associate Professor at Nanyang Business School, Nanyang Technological University
Professor Lim Pin Age: 75	19/2/2001	Non-executive/ Independent	Member	Member of Nomination & Compensation Committee	MBBChir (Cambridge), MA (Cambridge), MD (Cambridge), FAM, FRCP (London), FRACP, FRCPE, FACP NUS University Professor, Professor of Medicine at National University of Singapore and Senior Consultant Endocrinologist at National University Hospital
Mr Tham Kui Seng Age: 53	1/10/2009	Non-executive/ Independent	Member	Member of Audit Committee	Bachelor of Arts (Honours) Engineering Science (University of Oxford, UK)
Mr Lim Tse Ghow Olivier Age: 46	1/10/2009	Non-executive/ Independent	Member	–	First Class Honours degree in Civil Engineering (Imperial College of Science, Technology and Medicine, United Kingdom) Group Chief Financial Officer of CapitaLand Limited

Particulars of the interests of Directors who held office at the end of the financial year in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are set out in the Directors' Report.

Corporate Governance (cont'd)

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE (cont'd)

INDEPENDENT MEMBERS OF THE BOARD

Five of the six members of the Board are Independent Directors namely Mr Tan Soo Nan, Associate Professor Wee Beng Geok, Professor Lim Pin, Mr Tham Kui Seng and Mr Lim Tse Ghow Olivier. The criterion of independence is based on the definition given in the Code. The Board considers an "Independent" Director as one who has no significant relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the business judgement of the Directors independently for the best interests of the Group as a whole.

As Non-executive members of the Board, the Independent Directors exercise no management functions in the Company or any of its subsidiaries. Although all the Directors are equally responsible for the performance of the Group, the role of the Non-executive Directors is particularly important in ensuring that the strategies proposed by the Executive Management are fully discussed and rigorously examined by taking into account the long-term interests, not only from the perspective of all shareholders, but also of employees, customers, suppliers and the many communities in which the Group conducts its business.

The Board considers its Non-executive Directors to be of sufficient calibre and number. Their views are of sufficient weight that no individual or small group can dominate the Board's decision-making processes. The Non-executive Directors have no financial or contractual interests in the Group other than by way of their fees, shareholdings and participation in the Employees' Share Option Scheme of the Company as set out in the Directors' Report.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER (EXECUTIVE CHAIRMAN)

There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

Notwithstanding the relevant provisions of the Code of Corporate Governance 2005, the Board is of the view that it is in the best interests of the Group to adopt a single leadership structure i.e. where the Chief Executive Officer and the Chairman of the Board, is the same person. This is to ensure that the decision-making process of the Group would not be unnecessarily hindered.

The Executive Chairman is Dr Loo Choon Yong who is responsible for the oversight of the day-to-day operation of the Group and the exercise of control concurrently over the quality, quantity and timeliness of information flow between Management and the Board. He has played an instrumental role in developing the business of the Group and has also provided the Group with vision and strong leadership.

All major decisions made by the Executive Chairman are reviewed by the Board. His performance and remuneration are reviewed periodically by the Nomination & Compensation Committee. As the Board and Nomination & Compensation Committees both consist mainly of Independent Directors, the Board believes that there are adequate safeguards in place against having a centralization of power and authority in a single individual.

Additionally, the General Managers of each business unit are also responsible for the execution of the Group's strategies and policies. They are also accountable to the Board for the conduct and performance of their respective business operations.

Corporate Governance (cont'd)

PRINCIPLE 4: BOARD MEMBERSHIP

There should be a formal and transparent process for the appointment of new directors to the Board.

The Board members are selected on the basis of their character, business experience and acumen. Where a Director has multiple board representations, the Nomination & Compensation Committee will evaluate whether or not a Director is able to and has been adequately carrying out his or her duties as Director of the Company. The final approval of a candidate is determined by the Board. In appointing Directors, the Board considers the range of skills and experience required in the light of:

- the geographical spread and diversity of the Group's businesses;
- the strategic direction and progress of the Group;
- the current composition of the Board; and
- the need for independence

Key information regarding the Directors is set out on pages 12 and 13 of the Annual Report.

The Company's Articles of Association provides that at least one-third of the Directors shall retire from office and subject themselves to re-election at the Annual General Meeting. All Directors are required to retire from office at least once in every three years.

PRINCIPLE 5: BOARD PERFORMANCE

There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

Informal reviews of the Board's collective performance are conducted periodically and on a regular basis by the Nomination & Compensation Committee with inputs from the other Directors and the Executive Chairman. Such performance criteria include the comparisons with its industry peers. The Board considers that it would be more appropriate in the first phase of its appraisal process to focus on the Board performance collectively and defer the individual assessment to a later stage.

The Board is also of the view that the financial indicators set out in the Code as guides for the evaluation of Directors are more of a measure for the performance of the Management which are less applicable to Directors. The Board therefore believes that its performance should be adjudged on the basis of accountability as a whole, rather than strict definitive financial performance criteria.

PRINCIPLE 6: ACCESS TO INFORMATION

In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis.

All Directors receive information from the Management about the Group on a regular basis so that they are equipped to play their roles during the Board Meetings. Board papers are prepared for each meeting of the Board. The Board papers include sufficient information from the Management on financial, business and corporate issues. This is to enable the Directors to be properly briefed on issues to be considered at the Board Meetings.

All Directors have unrestricted access to the Company's records and information and receive financial and related reports from the Management during their office. Directors also liaise with the Management as required and may consult with other employees in order to seek additional information when needed.

In addition, Directors are entitled to separate and independent access to the advice and services of the Company Secretaries, who are responsible to the Board for ensuring the established procedures and relevant statutes and regulations are complied with. The Company Secretaries shall attend all the Board Meetings held.

Each and every Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the operations or undertakings of the Group in order to fulfil their duties and responsibilities as Directors.

Corporate Governance (cont'd)

PRINCIPLES 7 AND 8: REMUNERATION MATTERS

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages for individual directors. No director should be involved in deciding his own remuneration.

The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

The Group's remuneration policy is to provide compensation packages at market rates to reward successful performance and attract, retain and motivate Managers and Directors.

The Nomination & Compensation Committee determines the remuneration packages for the Executive Chairman and Senior Management based on the performance of the Group as well as the individual. The Executive Chairman does not participate in meetings for the discussion of his compensation package.

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

Details of the remuneration paid to the Directors are set out below:

Remuneration Band	Number of Directors	
	2010	2009
S$500,000 and above	1	1
S$250,000 to below S$500,000	–	–
Below S$250,000	5	5
	6	**6**

Summary of the compensation table for the year ended 31 December 2010 (Group):

Name of Director	Salary[1] %	Bonus[2] %	Director's Fees %	Share Options Grants %	Total Compensation %
S$500,000 and above					
Dr Loo Choon Yong *Executive Chairman*	11	89	–	–	100
Below S$250,000					
Mr Tan Soo Nan *Non-executive*	–	–	55	45	100
Associate Professor Wee Beng Geok *Non-executive*	–	–	55	45	100
Professor Lim Pin *Non-executive*	–	–	58	42	100
Mr Tham Kui Seng *Non-executive*	–	–	84	16	100
Mr Lim Tse Ghow Olivier *Non-executive*	–	–	78	22	100

(1) The salary amount shown is inclusive of allowances and statutory contributions to the Central Provident Fund.
(2) The bonus amount shown is inclusive of statutory contributions to the Central Provident Fund.

Corporate Governance (cont'd)

PRINCIPLE 9: DISCLOSURE ON REMUNERATION (cont'd)

KEY EXECUTIVES' REMUNERATION

The Code requires the remuneration of at least the top five key executives who are not in the capacity of a Director to be disclosed within bands of S$250,000. The Company believes that the disclosure of the remuneration of individual executives is disadvantageous to the business interests of the Group; especially in a highly competitive industry conditions where poaching of executives has become commonplace in a liberalised environment.

There are no employees in the Group who are of the immediate family members of a Director or the Chief Executive Officer.

Key information regarding the Employees' Share Option Scheme is set out on pages 42 to 45 of the Annual Report.

PRINCIPLE 10: ACCOUNTABILITY

The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.

The Group prepares its financial statements in accordance with the Singapore Financial Reporting Standards prescribed by the Accounting Standards Council.

In presenting its quarterly and full year financial results to shareholders, the Board aims to provide to the shareholders with a balanced and comprehensive assessment of the Group's performance, position and prospects. Management provides the Board with appropriate details and management accounts of the Group's performance, position and prospects on a quarterly basis.

BOARD COMMITTEES

To assist the Board in the execution of its duties, the Board has delegated specific functions to the following Committees:

(a) Nomination & Compensation Committee
(b) Audit Committee

Nomination & Compensation Committee

This Committee was established in July 2001 and is chaired by Associate Professor Wee Beng Geok with the Executive Chairman, Dr Loo Choon Yong and Professor Lim Pin as members. The Committee is responsible for the implementation and administration of the Employees' Share Option Scheme and reviews the appointment, re-appointment and compensation of Directors and Senior Management staff as applicable. Members of the Committee who are eligible are not allowed to be involved in the deliberations in respect of any options to be granted to them.

It is the view of the Board that it is in the best interest of the Company to have the Executive Chairman Dr Loo Choon Yong sit on the Nomination & Compensation Committee. The Board believes that Dr Loo Choon Yong's long experience in the healthcare industry and inputs are necessary to enable the Company to compensate the key executives and clinicians in the competitive healthcare industry. Furthermore, the Committee, comprising two other independent non-executive directors reviews the compensation of the Executive Chairman to ensure that he is appropriately rewarded, giving due regard to the financial and commercial health and business needs of the Group.

Corporate Governance (cont'd)

PRINCIPLE 11: AUDIT COMMITTEE

The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Audit Committee, chaired by Mr Tan Soo Nan, an Independent Director, meets periodically with the Group's external auditors and Management to review accounting, auditing and financial reporting matters. This is to ensure that an effective control environment is maintained in the Group. The Audit Committee also monitors proposed changes in accounting policies and discusses the accounting implications of major transactions. In addition, the Committee also advises the Board regarding the adequacy of the Group's internal controls and the contents and presentation of its quarterly and annual financial statements.

Specifically, the Audit Committee:

- reviews the audit plans, functions and scope of audit examination of the external auditors and approves the audit plans of the internal auditors;
- recommends to the Board the appointment and re-appointment of external auditors;
- approves the remuneration of the external auditors, and reviews the scope and result of the audit and its cost effectiveness;
- evaluates the overall effectiveness of both the internal and the external audits through regular meetings with each group of auditors;
- reviews the adequacy and effectiveness of the internal audit function;
- determines that no restrictions are being placed by Management upon the work of the internal and external auditors;
- evaluates the adequacy of the internal control systems of the Group by reviewing written reports from the internal and external auditors, and Management's responses and actions to correct any deficiencies;
- evaluates adherence to the Group's administrative, operating and internal accounting controls;
- reviews the quarterly and annual financial statements before submission to the Board for adoption;
- reviews interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST")) to ensure that they are on normal commercial terms and not prejudicial to the interests of the Company or its shareholders;
- reviews non-audit services provided by the external auditors to establish their independence;
- discusses with the external auditors any suspected fraud or irregularity or failure of internal controls or suspected infringement of any Singapore or other applicable law, rule and regulation;
- is authorised to put in place measures to ensure that staff have the means to raise concerns about possible improprieties in matters of financial reporting or other matters in confidence, and that there is independent investigation and appropriate follow-up action; and
- considers other matters as requested by the Board

The Audit Committee is authorised to investigate any matter within its terms of reference, and has full access to Management and also full discretion to invite any Director or Executive to attend its meetings, as well as reasonable resources to enable it to discharge its function properly. The Audit Committee meets with the external auditors without the presence of Management, at least once a year.

The Group has put in place a whistle-blowing policy. This policy provides well-defined and accessible channels through which employees, in confidence and good faith, without fear of reprisal, may report concerns about possible improprieties in matters of financial reporting or other matters within the Group. Details of the policy are posted on the Group's intranet for staff's easy reference.

Corporate Governance (cont'd)

PRINCIPLE 12: INTERNAL CONTROLS

The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

The Management acknowledges that it is responsible for the overall internal control framework. It recognises that no internal control system is foolproof as the system is designed to manage rather than eliminate the risk of failure to achieve business objectives. It can therefore provide only reasonable and not absolute assurance against material misstatement or loss. The Directors, through the Audit Committee, regularly review the effectiveness of internal controls.

The Group has adopted an entity-wide risk assessment ('ERA') framework to enhance its risk management capabilities. Key risks, control measures and management actions are regularly identified, reviewed and monitored as part of the ERA process.

PRINCIPLE 13: INTERNAL AUDIT

The company should establish an internal audit function that is independent of the activities it audits.

The Group has an internal audit function that is independent of the activities it audits. The internal auditor reports to the Chairman of the Audit Committee functionally and to the Executive Chairman administratively.

The department performing the internal audit function has adopted and complied with the Standards for the Professional Practice of Internal Auditing by The Institute of Internal Auditors. It operates within the framework stated in its Internal Audit Charter which is approved by the Audit Committee. It adopts a risk-based audit methodology to develop its audit plans which align its activities to key risks across the Group. Based on risk assessments performed, greater focus and appropriate review intervals are set for higher risk activities and material internal controls, including compliance with the Group's policies, procedures and regulatory responsibilities. The internal audit plans are reviewed and approved by the Audit Committee.

The Audit Committee will ensure that the department performing the internal audit function has adequate resources and appropriate standing within the Group to perform its function effectively. The Committee will assess the effectiveness of the internal auditor on an annual basis by examining:

- the scope of the internal auditor's work;
- the quality of the auditor's reports;
- the auditor's relationship with external auditors; and
- the auditor's independence of the areas reviewed

PRINCIPLES 14 AND 15: COMMUNICATION WITH SHAREHOLDERS

Companies should engage in regular, effective and fair communication with shareholders.

Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

In line with continuous disclosure obligations of the Company, pursuant to the SGX-ST's Listing Rules and the Singapore Companies Act, the Board's policy is that the Company's shareholders are informed of all major developments that impact the Group.

Information is communicated to shareholders on a timely basis. Where there is inadvertent disclosure made to a select group, the Company will make the same disclosure publicly as soon as practicable. Communication is made through:

- annual reports that are prepared and issued to all shareholders. The Board makes every effort to ensure that the annual report includes all relevant information about the Group, including future developments and other disclosures required by the Companies Act and Singapore Financial Reporting Standards;
- financial statements containing a summary of the financial information and affairs of the Group for the period;
- notices of and explanatory memoranda for Annual General Meetings and Extraordinary General Meetings;

Corporate Governance (cont'd)

PRINCIPLES 14 AND 15: COMMUNICATION WITH SHAREHOLDERS (cont'd)

- press and analyst briefings for the Group's quarterly and annual results as well as other briefings, as appropriate;
- press releases on major developments of the Group;
- disclosures to the SGX-ST; and
- the Group's website at http://www.rafflesmedicalgroup.com at which shareholders can access information on the Group. The website provides *inter alia*, corporate announcements, press releases, annual reports and a profile of the Group.

In addition, shareholders are encouraged to attend the Annual General Meeting to ensure a high level of accountability and to stay informed of the Group's strategies and goals. The Annual General Meeting is the principal forum for dialogue with shareholders.

The notice of the Annual General Meeting is despatched to shareholders, together with explanatory notes or a circular on items of special business, at least 14 days before the meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues at the Annual General Meeting. The Chairmen of the Audit and the Nomination & Compensation Committees are normally available at the meeting to answer those questions relating to the work of these Committees.

Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

MATERIAL CONTRACTS

There are no material contracts entered into by the Company or any of its subsidiaries involving the interests of the Chief Executive Officer or any Director.

DEALINGS IN SECURITIES

In line with the best practices on dealing in securities set out in the SGX-ST Listing Manual, the Group requires all Directors and Management not to trade in the Company's securities during the period beginning two weeks and a month before the date of the announcement of the quarterly and full year results respectively and ending on the date of the announcement of the relevant results.

The Directors and Management are not expected to deal in the Company's securities on considerations of a short term nature. They are required to observe insider trading provisions under the Securities and Futures Act at all times even when dealing in the Company's securities within the permitted periods. Directors of the Company are required to report all dealings to the Company Secretary.

Financial Report

CONTENTS

Directors' Report

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2010.

Directors

The directors in office at the date of this report are as follows:

Dr Loo Choon Yong
Mr Tan Soo Nan
Associate Professor Wee Beng Geok
Professor Lim Pin
Mr Tham Kui Seng
Mr Lim Tse Ghow Olivier

Directors' Interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in a related corporation are as follows:

	Holdings in the name of the director, spouse or infant children		Other holdings in which the director is deemed to have an interest	
The Company	**At beginning of the year**	**At end of the year**	**At beginning of the year**	**At end of the year**
		Ordinary Shares		
Dr Loo Choon Yong	53,810,000	53,820,000	207,181,898	224,781,898
Mr Tan Soo Nan	895,000	895,000	–	–
Associate Professor Wee Beng Geok	783,000	883,000	–	–
Professor Lim Pin	296,000	364,000	–	–

	Options to subscribe for ordinary shares			
The Company	**At beginning of the year**	**At end of the year**	**Option price per share**	**Date of grant**
Mr Tan Soo Nan	150,000	150,000	$0.68	03/04/2006
	50,000	50,000	$1.14	02/04/2007
	48,000	48,000	$1.24	01/04/2008
	120,000	120,000	$0.78	01/04/2009
	–	70,000	$1.66	01/04/2010
Associate Professor Wee Beng Geok	100,000	–	$0.68	03/04/2006
	50,000	50,000	$1.14	02/04/2007
	48,000	48,000	$1.24	01/04/2008
	120,000	120,000	$0.78	01/04/2009
	–	70,000	$1.66	01/04/2010
Professor Lim Pin	38,000	–	$1.24	01/04/2008
	100,000	70,000	$0.78	01/04/2009
	–	60,000	$1.66	01/04/2010

Directors' Report (cont'd)

Directors' Interests (cont'd)

The Company	Options to subscribe for ordinary shares: At beginning of the year	At end of the year	Option price per share	Date of grant
Mr Tham Kui Seng	–	20,000	$1.66	01/04/2010
Mr Lim Tse Ghow Olivier	–	20,000	$1.66	01/04/2010

	Holdings in the name of the director, spouse or infant children		Other holdings in which the director is deemed to have an interest	
Immediate Holding Company	At beginning of the year	At end of the year	At beginning of the year	At end of the year
Raffles Medical Holdings Pte Ltd		Ordinary Shares		
Dr Loo Choon Yong	100,000	100,000	–	–

The options in the Company are exercisable as follows:

(i) the options granted in 2006 are exercisable during a period commencing 12 months from the Date of Grant for the first 50,000 shares, 24 months from the Date of Grant for the next 50,000 shares and the balance after 36 months and expires at the end of 60 months from the Date of Grant.

(ii) the options granted in 2007 are exercisable during a period commencing 12 months from the Date of Grant for the first 50,000 shares, 24 months from the Date of Grant for the next 50,000 shares and the balance after 36 months and expires at the end of 60 months from the Date of Grant.

(iii) the options granted in 2008 are exercisable during a period commencing 12 months from the Date of Grant for the first 30,000 shares, 24 months from the Date of Grant for the next 30,000 shares and the balance after 36 months and expires at the end of 60 months from the Date of Grant.

(iv) the options granted in 2009 are exercisable during a period commencing 12 months from the Date of Grant for the first 30,000 shares, 24 months from the Date of Grant for the next 30,000 shares and the balance after 36 months and expires at the end of 60 months from the Date of Grant.

(v) the options granted in 2010 are exercisable during a period commencing 12 months from the Date of Grant for the first 30,000 shares, 24 months from the Date of Grant for the next 30,000 shares and the balance after 36 months and expires at the end of 60 months from the Date of Grant.

By virtue of Section 7 of the Act, Dr Loo Choon Yong is deemed to have an interest in all of the wholly-owned subsidiaries of Raffles Medical Group Ltd at the beginning and at the end of the financial year.

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

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2011.

Except as disclosed under the "Share Options" section of this report, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares, debentures, warrants or share options of the Company or any other body corporate.

Directors' Report (cont'd)

Directors' Interests (cont'd)

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in notes 23 and 24 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Share Options

Employees' Share Option Scheme

Raffles Medical Group (2000) Share Option Scheme

(1) On 31 October 2000, the shareholders of the Company approved the Raffles Medical Group (2000) Share Option Scheme (RMG 2000 Scheme) at the Extraordinary General Meeting. Details of the RMG 2000 Scheme were set out in the Directors' Report for the financial year ended 31 December 2000.

(2) The RMG 2000 Scheme is administered by the Nomination and Compensation Committee (Committee) comprising the following directors:

Associate Professor Wee Beng Geok
Dr Loo Choon Yong
Professor Lim Pin

Dr Loo Choon Yong is not a participant in the scheme.

(3) On 1 April 2010, additional options were granted pursuant to the RMG 2000 Scheme to subscribe for ordinary shares at an exercise price of $1.66 as follows:

	Company
Directors of the Company and Executive Directors of the subsidiaries	585,000
Other participants	5,415,000
	6,000,000

(4) As at 31 December 2010, outstanding options to take up unissued ordinary shares in the Company under the RMG 2000 Scheme were as follows:

Date of grant of options	**Exercise price per share**	**Options outstanding at 1 January 2010**	**Options granted**	**Options exercised**	**Options forfeited/ expired**	**Options outstanding at 31 December 2010**	**Number of option holders at 31 December 2010**
15/02/2001	$0.320	966,000	–	(393,000)	–	**573,000**	14
08/04/2002	$0.230	645,000	–	(110,000)	–	**535,000**	17
31/03/2003	$0.185	730,000	–	(210,000)	–	**520,000**	20
01/04/2004	$0.330	955,000	–	(407,000)	–	**548,000**	18
01/04/2005	$0.400-$0.420	1,680,000	–	(775,000)	(11,000)	**894,000**	29
03/04/2006	$0.680-$0.710	2,925,000	–	(876,000)	(76,000)	**1,973,000**	65

Directors' Report (cont'd)

Share Options (cont'd)

Employees' Share Option Scheme (cont'd)

Date of grant of options	Exercise price per share	Options outstanding at 1 January 2010	Options granted	Options exercised	Options forfeited/ expired	Options outstanding at 31 December 2010	Number of option holders at 31 December 2010
02/04/2007	$1.140-$1.150	2,784,000	–	(705,000)	(64,000)	**2,015,000**	121
01/04/2008	$1.240	2,752,000	–	(682,000)	(98,000)	**1,972,000**	157
01/04/2009	$0.780	7,523,000	–	(1,826,000)	(389,000)	**5,308,000**	187
01/04/2010	$1.660	–	6,000,000	–	(444,000)	**5,556,000**	328
		20,960,000	6,000,000	(5,984,000)	(1,082,000)	**19,894,000**	

(5) No options have been granted to controlling shareholders of the Company and their associated companies and parent group employees. No participant has received 5% or more of the total number of options available under the Scheme.

(6) The following are details of options granted to Directors:

Name of participant	Options granted for financial year ended 31 December 2010	Aggregate options granted since commencement of Scheme to 31 December 2010	Aggregate options exercised since commencement of Scheme to 31 December 2010	Aggregate options outstanding as at 31 December 2010
Directors of the Company				
Mr Tan Soo Nan	70,000	1,238,000	800,000	438,000
Associate Professor Wee Beng Geok	70,000	1,138,000	850,000	288,000
Professor Lim Pin	60,000	968,000	838,000	130,000
Mr Tham Kui Seng	20,000	20,000	–	20,000
Mr Lim Tse Ghow Olivier	20,000	20,000	–	20,000
Total	240,000	3,384,000	2,488,000	896,000

(7) Statutory information regarding the above options is as follows:

(a) Options are exercisable in whole or in part:

(i) in relation to shares for which the subscription price is determined on market value, a period commencing on such date in respect of such proportion of the option amount as the Committee may prescribe (but which shall in any event be no earlier than the date immediately after the first anniversary of the Date of Grant) and ending on the date immediately before the tenth anniversary of such Date of Grant for an employee and ending on the date immediately before the fifth anniversary of such Date of Grant for a non-employee; and

(ii) in relation to shares for which the subscription price is determined at a discount to market value, a period commencing on such date in respect of such proportion of the option amount as the Committee may prescribe (but which shall in any event be no earlier than the date immediately after the second anniversary of the Date of Grant) and ending on the date immediately before the tenth anniversary of such Date of Grant for an employee and ending on the date immediately before the fifth anniversary of such Date of Grant for a non-employee.

Directors' Report (cont'd)

Share Options (cont'd)

Employees' Share Option Scheme (cont'd)

(b) The number of shares which may be acquired by a participant and the exercise price are subject to adjustment, as confirmed by the auditors of the Company that such adjustment is fair and reasonable, by reason of any issue of additional shares in the Company by way of rights or capitalisation of profits or reserves made which an option remains unexercised.

Raffles Medical Group (2010) Share Option Scheme

(1) At the Annual General Meeting held on 30 April 2010, the shareholders of the Company adopted the Raffles Medical Group (2010) Share Option Scheme (RMG 2010 Scheme) for the Company. The existing RMG 2000 Scheme was concurrently terminated. The termination of the RMG 2000 Scheme will, however, not affect the subscription rights comprised in options granted pursuant to the RMG 2000 Scheme prior to the termination. Such options will continue to be exercisable in accordance with the rules of the RMG 2000 Scheme. However, no further options will be granted under the RMG 2000 Scheme.

(2) Under the terms of the RMG 2010 Scheme, the committee (Committee) of directors administrating the Scheme may make offers of the grant of options to eligible persons to subscribe for shares at a subscription price set at the market price or at a discount of the market price on the capital of the Company, subject inter alia to the following:

(a) the aggregate number of shares over which options may be granted when added to the number of shares issued and issuable in respect of all options granted under the RMG 2010 Scheme and in respect of all other share-based incentive schemes of the Company (if any), shall not exceed 15% of the total issued shares (excluding treasury shares) of the Company on the date preceding the offer date of an option.

(b) the number of shares to be offered to any Group employee in accordance with the RMG 2010 Scheme shall be determined at the absolute discretion of the Committee, who shall take into account (where applicable) criteria such as rank, responsibilities, past performance, length of service, contributions to the Group and potential for future development of that Group employee, provided that in relation to Controlling Shareholder(s) or their Associates:

(i) the aggregate number of shares which may be offered by way of grant of options to Group employees who are Controlling Shareholder(s) and/or their Associates shall not exceed 25% of the total number of shares available under the RMG 2010 Scheme; and

(ii) the aggregate number of shares which may be offered by way of grant of options to each Group employee who is a Controlling Shareholder or his Associate shall not exceed 10% of the total number of shares available under the RMG 2010 Scheme.

(3) Subject to any adjustment pursuant to any variation of the share capital of the Company, the subscription price for each share under the RMG 2010 Scheme shall be:

(a) a price equal to the average of the last dealt prices for a share, as determined by reference to the daily official list or other publication published by the Singapore Exchange Securities Trading Limited for the three consecutive market days immediately preceding the offer date of that option, rounded up to the nearest whole cent, provided that in the case of a Market Price Option that is proposed to be granted to a Controlling Shareholder or an Associate of a Controlling Shareholder, the Subscription Price for each share shall be equal to the average of the last dealt price(s) for a share, as determined by reference to the daily official list published by the Singapore Exchange Securities Trading Limited, for the three consecutive market days immediately preceding the latest practicable date prior to the date of any circular, letter or notice to the Shareholders proposing to seek their approval of the grant of such options to such Controlling Shareholder and/or Associate of a Controlling Shareholder; or

(b) the discounted value of the share price determined under (a) above, provided that the maximum discount shall not exceed 20% of (a) above, and

Directors' Report (cont'd)

Share Options (cont'd)

Employees' Share Option Scheme (cont'd)

(c) the prior approval of the shareholders of the Company in general meeting shall have been obtained for the making of offers and grants of options at a discount not exceeding the maximum discount in a separate resolution (for the avoidance of doubt, such prior approval shall be required to be obtained only once and, once obtained, shall, unless revoked, authorise the making of offers and grants of options under the RMG 2010 Scheme at such discount for the duration of the RMG 2010 Scheme).

(d) the prior approval of the shareholders of the Company in general meeting shall have been obtained for the discount exceeding 20% of the market price if it is prescribed or permitted for the time being by the Singapore Exchange Securities Trading Limited.

(4) Under the RMG 2010 Scheme, an option may be exercised in whole or in part only in respect of 1,000 shares or any multiple thereof:

(a) in relation to shares for which the subscription price is determined on market value, during the period commencing after the first anniversary of the offer date and expiring on the tenth anniversary of such offer date; and

(b) in relation to shares for which the subscription price is determined at a discount to the market value, during the period commencing after the second anniversary of the offer date and expiring on the tenth anniversary of such offer date.

Save that the option period for an option granted to a participant, who is a non-executive director (including independent director) of any member of the Group or a permanent part-time visiting consultant specialist contracted or engaged for service on a regular basis by the Group but whose hours of work is not full-time, shall expire on the fifth anniversary of the Date of Grant.

(5) The RMG 2010 Scheme shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten years from 30 April 2010 provided always that the RMG 2010 Scheme may continue beyond the above stipulated period with the approval of the shareholders by ordinary resolution in general meeting and any of the relevant authorities which may then be required.

(6) The RMG 2010 Scheme is administered by a committee comprising Directors of the Company duly authorised and appointed by the Board to administer the RMG 2010 Scheme.

(7) The Committee, at the date of this report, administering the RMG 2010 Scheme comprises the following directors:

Associate Professor Wee Beng Geok
Professor Lim Pin
Dr Loo Choon Yong

(8) No options have been granted since the commencement of the RMG 2010 Scheme.

Save as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

The options granted by the Company do not entitle the holders of the options, by virtue of such holdings, to any right to participate in any share issue of any other company.

Directors' Report (cont'd)

Audit Committee

The members of the Audit Committee during the year and at the date of this report are as follows:

- Mr Tan Soo Nan (Chairman), Non-executive Director
- Associate Professor Wee Beng Geok, Non-executive Director
- Mr Tham Kui Seng, Non-executive Director
- Dr Loo Choon Yong, Executive Director

The Audit Committee performs the functions specified in Section 201B of the Companies Act, the Listing Manual of the Singapore Exchange and the Code of Corporate Governance.

The Audit Committee has held four meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work and the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the external and internal auditors;

- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and

- interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

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

On behalf of the Board of Directors

Dr Loo Choon Yong
Chairman

Mr Tan Soo Nan
Director

19 February 2011

Statement by Directors

In our opinion:

(a) the financial statements set out on pages 49 to 90 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2010 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

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

On behalf of the Board of Directors

Dr Loo Choon Yong
Chairman

Mr Tan Soo Nan
Director

19 February 2011

Independent Auditors' Report

Members of the Company
Raffles Medical Group Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of Raffles Medical Group Ltd (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at 31 December 2010, the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 49 to 90.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2010 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

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

KPMG LLP
Public Accountants and Certified Public Accountants

Singapore
19 February 2011

Balance Sheets

As at 31 December 2010

	Note	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Non-current assets					
Property, plant and equipment	4	144,253	146,435	3,252	3,527
Intangible assets	5	316	367	245	245
Investment properties	6	88,000	85,000	–	–
Subsidiaries	25	–	–	202,881	197,582
Deferred tax assets	7	895	528	–	–
		233,464	232,330	206,378	201,354
Current assets					
Inventories		5,083	5,273	1,258	1,711
Trade and other receivables	8	26,066	24,283	18,251	15,695
Cash and cash equivalents	9	107,137	74,372	88,664	59,087
Assets classified as held for sale	10	–	553	–	–
		138,286	104,481	108,173	76,493
Total assets		371,750	336,811	314,551	277,847
Equity attributable to owners of the Company					
Share capital	11	177,006	172,659	177,006	172,659
Reserves	11	109,414	77,114	55,955	38,064
		286,420	249,773	232,961	210,723
Non-controlling interests		542	377	–	–
Total equity		286,962	250,150	232,961	210,723
Non-current liabilities					
Deferred tax liabilities	7	1,690	1,439	402	209
Interest-bearing liabilities	14	18,000	20,000	–	–
		19,690	21,439	402	209
Current liabilities					
Trade and other payables	13	50,972	51,972	76,905	62,757
Interest-bearing liabilities	14	4,577	4,519	2,577	2,236
Current tax payable		9,549	8,731	1,706	1,922
		65,098	65,222	81,188	66,915
Total liabilities		84,788	86,661	81,590	67,124
Total equity and liabilities		371,750	336,811	314,551	277,847

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

Consolidated Income Statement

Year ended 31 December 2010

	Note	2010 $'000	2009 $'000
Revenue		239,123	218,610
Other operating income		3,474	600
Inventories and consumables used		(26,622)	(24,514)
Purchased and contracted services		(17,483)	(16,035)
Staff costs		(115,760)	(104,863)
Depreciation of property, plant and equipment		(6,935)	(6,891)
Operating lease expenses		(5,588)	(5,133)
Other operating expenses		(17,240)	(16,497)
Profit from operating activities		52,969	45,277
Finance income		366	180
Finance expenses		(239)	(410)
Profit before income tax		53,096	45,047
Income tax expense	17	(7,614)	(7,014)
Profit for the year	16	45,482	38,033
Attributable to:			
Owners of the Company		45,265	37,882
Non-controlling interests		217	151
Profit for the year		45,482	38,033
Earnings per share (cents)	18		
Basic		8.65	7.30
Diluted		8.51	7.22

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

Consolidated Statement of Comprehensive Income

Year ended 31 December 2010

	2010 $'000	2009 $'000
Profit for the year	45,482	38,033
Other comprehensive income		
Foreign currency translation differences for foreign operations	374	34
Total comprehensive income for the year	45,856	38,067
Attributable to:		
Owners of the Company	45,639	37,916
Non-controlling interests	217	151
Total comprehensive income for the year	45,856	38,067

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2010

Group	Share capital $'000	Currency translation reserve $'000	Share option reserve $'000	Accumulated profits $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2009	171,347	(355)	3,837	47,096	221,925	321	222,246
Comprehensive income for the year							
Profit for the year	–	–	–	37,882	37,882	151	38,033
Other comprehensive income							
Foreign currency translation differences for foreign operations	–	34	–	–	34	–	34
Total comprehensive income for the year	–	34	–	37,882	37,916	151	38,067
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Issue of 2,235,000 shares with 151,000 shares at $0.23 per share, 482,000 shares at $0.32 per share, 200,000 shares at $0.30 per share, 85,000 shares at $0.33 per share, 200,000 shares at $0.40 per share, 64,000 shares at $0.42 per share, 50,000 shares at $0.68 per share, 615,000 shares at $0.71 per share, 252,000 shares at $1.15 per share, 136,000 shares at $1.24 per share upon the exercise of options under Raffles Medical Group Employees' Share Option Scheme	1,312	–	–	–	1,312	–	1,312
Value of employee services received for issue of share options	–	–	1,585	–	1,585	–	1,585
Final dividend paid of 1.5 cents per ordinary share	–	–	–	(7,777)	(7,777)	–	(7,777)
Interim dividend paid of 1.0 cent per ordinary share	–	–	–	(5,188)	(5,188)	–	(5,188)
Repayment of loan to non-controlling shareholder	–	–	–	–	–	(60)	(60)
Dividends distributed to non-controlling shareholder	–	–	–	–	–	(35)	(35)
Total contributions by and distributions to owners	1,312	–	1,585	(12,965)	(10,068)	(95)	(10,163)
At 31 December 2009	172,659	(321)	5,422	72,013	249,773	377	250,150

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

Consolidated Statement of Changes in Equity (cont'd)

Year ended 31 December 2010

Group	Share capital $'000	Currency translation reserve $'000	Share option reserve $'000	Accumulated profits $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2010	172,659	(321)	5,422	72,013	249,773	377	250,150
Comprehensive income for the year							
Profit for the year	–	–	–	45,265	45,265	217	45,482
Other comprehensive income							
Foreign currency translation differences for foreign operations	–	374	–	–	374	–	374
Total comprehensive income for the year	–	374	–	45,265	45,639	217	45,856
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Issue of 5,984,000 shares with 210,000 shares at $0.185 per share, 110,000 shares at $0.23 per share, 393,000 shares at $0.32 per share, 407,000 shares at $0.33 per share, 100,000 shares at $0.40 per share, 675,000 shares at $0.42 per share, 100,000 shares at $0.68 per share, 776,000 shares at $0.71 per share, 1,826,000 shares at $0.78 per share, 20,000 shares at $1.14 per share, 685,000 shares at $1.15 per share, 682,000 shares at $1.24 per share upon the exercise of options under Raffles Medical Group Employees' Share Option Scheme	4,347	–	–	–	4,347	–	4,347
Value of employee services received for issue of share options	–	–	2,359	–	2,359	–	2,359
Final dividend paid of 2.0 cents per ordinary share	–	–	–	(10,452)	(10,452)	–	(10,452)
Interim dividend paid of 1.0 cent per ordinary share	–	–	–	(5,246)	(5,246)	–	(5,246)
Dividends distributed to non-controlling shareholder	–	–	–	–	–	(52)	(52)
Total contributions by and distributions to owners	4,347	–	2,359	(15,698)	(8,992)	(52)	(9,044)
At 31 December 2010	177,006	53	7,781	101,580	286,420	542	286,962

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

Consolidated Cash Flow Statement

Year ended 31 December 2010

	Note	2010 $'000	2009 $'000
Cash flows from operating activities			
Profit before income tax		53,096	45,047
Adjustments for:			
Amortisation of intangible assets		51	52
Depreciation of property, plant and equipment		6,935	6,891
Equity-settled share-based payment transactions		2,359	1,585
Finance expenses		239	410
Gain on disposal of property, plant and equipment		(474)	–
Interest income from fixed deposits		(366)	(180)
Property, plant and equipment written off		31	46
Revaluation gain of investment properties		(3,000)	(600)
		58,871	53,251
Changes in working capital:			
Inventories		190	(523)
Trade and other receivables		(1,816)	802
Trade and other payables		(883)	318
Cash generated from operations		56,362	53,848
Income taxes paid		(6,913)	(6,229)
Interest paid		(239)	(410)
Net cash from operating activities		49,210	47,209
Cash flows from investing activities			
Interest received		399	180
Proceeds from sale of property, plant and equipment		1,661	206
Purchase of property, plant and equipment		(5,452)	(3,892)
Net cash used in investing activities		(3,392)	(3,506)
Cash flows from financing activities			
Dividends paid		(15,698)	(12,965)
Dividends paid to non-controlling shareholder of the subsidiary		(52)	(35)
Proceeds from issue of shares under share option scheme		4,347	1,312
Proceeds from bank loan		6,870	3,129
Repayment of bank loan		(8,220)	(5,127)
Repayment of loan to non-controlling shareholder		–	(60)
Net cash used in financing activities		(12,753)	(13,746)
Net increase in cash and cash equivalents		33,065	29,957
Cash and cash equivalents at 1 January		74,089	44,121
Effect of exchange rate changes on balances held in foreign currency		(17)	11
Cash and cash equivalents at 31 December	9	107,137	74,089

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

Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 19 February 2011.

1 Domicile and activities

Raffles Medical Group Ltd (the Company) is incorporated in the Republic of Singapore and has its registered office at 585 North Bridge Road, Raffles Hospital #11-00, Singapore 188770.

The principal activities of the Company are those relating to the operation of medical clinics and other general medical services. The Company is the sole proprietor of the following:

Changi Medical Services
RafflesCare
Raffles Airport Medical Centre
Raffles Corporate Wellness
Raffles Dental Surgery
Raffles Healthcare Consultancy
Raffles Health Screeners
Raffles Labs
Raffles Medihelp
Raffles Optica
Raffles Pharmacare
Raffles Pharmacy

All transactions of these sole proprietorships are reflected in the financial statements of the Company. The principal activities of the subsidiaries are set out in Note 25 to the financial statements.

The immediate and ultimate holding company during the financial year is Raffles Medical Holdings Pte Ltd, which is incorporated in Singapore.

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the Group).

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for investment property which is measured at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with FRS 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.

Notes to the Financial Statements (cont'd)

2 Basis of preparation (cont'd)

2.4 Use of estimates and judgements (cont'd)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 4 – estimation of useful lives and recoverable amounts of property plant and equipment
- Note 6 – valuation of investment property
- Note 7 – utilisation of tax losses
- Note 13 – estimation of policy liabilities

2.5 Changes in accounting policies

Accounting for business combinations

From 1 January 2010, the Group has applied FRS 103 Business Combinations (2009) in accounting for business combinations. Business combinations are now accounted for using the acquisition method as at the acquisition date (see note 3.1).

Previously, business combinations were accounted for under the purchase method. The cost of an acquisition was measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition was credited to profit or loss in the period of the acquisition. For business acquisitions that were achieved in stages, any existing equity interests in the acquiree were not re-measured to their fair value. Contingent consideration was recognised as an adjustment to the cost of acquisition only when it was probable and can be measured reliably.

The change in accounting policy has been applied prospectively to new business combinations occurring on or after 1 January 2010 and has no material impact on earnings per share.

Accounting for acquisitions of non-controlling interests

From 1 January 2010, the Group has applied FRS 27 *Consolidated and Separate Financial Statements* (2009) in accounting for acquisitions of non-controlling interests. See note 3.1 for the new accounting policy.

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

The change in accounting policy has been applied prospectively and has no impact on earnings per share.

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, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Business of consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the 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 consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

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.

Notes to the Financial Statements (cont'd)

3 Significant accounting policies (cont'd)

3.1 Business of consolidation (cont'd)

Any contingent consideration payable is recognised at fair value at the acquisition date. 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.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Acquisition of non-controlling interests

Acquisition of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on appropriate amount of the net assets of the subsidiary.

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.

Accounting for subsidiaries

Investments in subsidiaries are stated in the Company's balance sheet at cost less accumulated impairment losses.

3.2 Foreign currency

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. 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 that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to profit or loss as part of the profit or loss on disposal.

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

Notes to the Financial Statements (cont'd)

3 Significant accounting policies (cont'd)

3.3 Property, plant and equipment

Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. 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.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on remeasurement is recognised in profit or loss to the extent the gain reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised in other comprehensive income and presented in the revaluation reserve in equity to the extent that an amount had previously been included in the revaluation reserve relating to the specific property, with any remaining loss recognised immediately in profit or loss.

Subsequent costs

The cost of replacing a part 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 part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the 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.

The estimated useful lives for the current and comparative periods are as follows:

• Leasehold land	99 years
• Leasehold properties	50 years
• Medical equipment	8 to 10 years
• Furniture and fittings	10 years
• Office equipment	5 to 10 years
• Motor vehicles	10 years
• Computers	3 years
• Renovations	Shorter of 6 years and term of lease
• Facilities equipment	10 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Notes to the Financial Statements (cont'd)

3 Significant accounting policies (cont'd)

3.4 Intangible assets

Goodwill

Goodwill represents the excess of:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

Goodwill is measured at cost less accumulated impairment losses.

Other intangible assets

Other intangible assets, consist of (a) assignment fees that relate to amounts paid to secure the tenancy of certain clinic premises and (b) membership rights.

Assignment fees that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Membership rights that are acquired by the Group and have infinite useful lives are measured at cost less accumulated impairment losses, and tested for impairment.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

- Assignment fees 10 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.5 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 fair value with any change therein recognised in profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Property that is being constructed for future use as investment property is accounted for at fair value.

Notes to the Financial Statements (cont'd)

3 Significant accounting policies (cont'd)

3.6 Leased assets

Leases in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and, except for investment property, the leased assets are not recognised in the Group's balance sheet. Investment property held under an operating lease is recognised in the Group's balance sheet at its fair value.

3.7 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which 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 balance sheet 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 has the following non-derivative financial assets: loans and receivables.

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 comprise cash balances and bank deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Non-derivative financial liabilities

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

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

Financial assets and liabilities are offset and the net amount presented in the balance sheet 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 has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, and trade and other payables.

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.

Notes to the Financial Statements (cont'd)

3 Significant accounting policies (cont'd)

3.7 Financial instruments (cont'd)

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

3.8 Inventories

Inventories, comprising mainly pharmaceutical and medical supplies, are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost formula and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

3.9 Impairment

Non-derivative 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 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 had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets 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, and indications that a debtor or issuer will enter bankruptcy.

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

In assessing collective impairment, the Group uses historical trends of the probability of default, 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. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, inventories and deferred tax assets, 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. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

Notes to the Financial Statements (cont'd)

3 Significant accounting policies (cont'd)

3.9 Impairment (cont'd)

The recoverable amount of an asset or cash-generating unit 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. 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 groups of assets (the cash-generating unit, or CGU). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. 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 units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. 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

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 services are rendered by employees.

Short-term employee benefits

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

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Notes to the Financial Statements (cont'd)

3 Significant accounting policies (cont'd)

3.11 Provisions

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. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.12 Revenue

Services

Revenue from services rendered is recognised in profit or loss upon provision of healthcare, hospital and insurance services.

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. Contingent rentals are recognised as income in the accounting period in which they are earned.

3.13 Government grants

Jobs Credit Scheme

Cash grants received from the government in relation to the Jobs Credit Scheme are recognised in profit or loss upon receipt as an offset against staff costs.

3.14 Lease payments

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.

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 expense

Finance expense comprises interest expense on borrowings that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Finance income comprises interest income from fixed deposits. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

3.16 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are 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.

Notes to the Financial Statements (cont'd)

3 Significant accounting policies (cont'd)

3.16 Income tax (cont'd)

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 the following temporary differences: 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, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

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 income 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.

3.17 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

3.18 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chairman to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.19 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2010, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group.

Notes to the Financial Statements (cont'd)

4 Property, plant and equipment

Group	Note	Leasehold land $'000	Leasehold properties $'000	Medical equipment $'000	Furniture and fittings $'000	Office equipment $'000	Motor vehicles $'000	Computers $'000	Renovations $'000	Facilities equipment $'000	Total $'000
Cost											
At 1 January 2009		83,012	56,617	21,548	2,876	789	604	4,583	6,094	1,680	177,803
Additions		–	–	1,621	411	82	268	700	794	16	3,892
Disposals		–	–	(191)	–	–	(307)	(5)	(120)	–	(623)
Write-off		–	–	(273)	(43)	(17)	–	(128)	(131)	(12)	(604)
Transfer to asset held for sale	10	–	(693)	–	–	–	–	–	–	–	(693)
Effect of movements in exchange rates		–	–	(9)	(2)	(1)	–	(1)	(12)	–	(25)
At 31 December 2009		83,012	55,924	22,696	3,242	853	565	5,149	6,625	1,684	179,750
Additions		–	–	2,559	566	94	20	949	1,154	110	5,452
Disposals		–	(780)	–	–	–	–	–	–	–	(780)
Write-off		–	–	(548)	(37)	(11)	–	(260)	(9)	(16)	(881)
Effect of movements in exchange rates		–	–	(29)	(5)	(1)	–	(4)	(33)	–	(72)
At 31 December 2010		83,012	55,144	24,678	3,766	935	585	5,834	7,737	1,778	183,469

Notes to the Financial Statements (cont'd)

4 Property, plant and equipment (cont'd)

Group	Note	Leasehold land $'000	Leasehold properties $'000	Medical equipment $'000	Furniture and fittings $'000	Office equipment $'000	Motor vehicles $'000	Computers $'000	Renovations $'000	Facilities equipment $'000	Total $'000
Accumulated depreciation											
At 1 January 2009		1,475	2,983	12,810	1,620	540	311	3,442	3,386	985	27,552
Depreciation charge for the year		1,180	1,282	2,246	249	79	51	667	969	168	6,891
Disposals		–	–	(139)	–	(1)	(151)	(4)	(121)	(1)	(417)
Write-off		–	–	(311)	(26)	(15)	–	(124)	(76)	(6)	(558)
Transfer to asset held for sale	10	–	(140)	–	–	–	–	–	–	–	(140)
Effect of movements in exchange rates		–	–	(7)	–	–	–	(1)	(5)	–	(13)
At 31 December 2009		2,655	4,125	14,599	1,843	603	211	3,980	4,153	1,146	33,315
Depreciation charge for the year		1,180	1,257	1,977	285	93	53	824	1,095	171	6,935
Disposals		–	(146)	–	–	–	–	–	–	–	(146)
Write-off		–	–	(538)	(26)	(8)	–	(257)	(8)	(13)	(850)
Effect of movements in exchange rates		–	–	(18)	(1)	(1)	–	(3)	(15)	–	(38)
At 31 December 2010		3,835	5,236	16,020	2,101	687	264	4,544	5,225	1,304	39,216
Carrying amount											
At 1 January 2009		81,537	53,634	8,738	1,256	249	293	1,141	2,708	695	150,251
At 31 December 2009		80,357	51,799	8,097	1,399	250	354	1,169	2,472	538	146,435
At 31 December 2010		79,177	49,908	8,658	1,665	248	321	1,290	2,512	474	144,253

Notes to the Financial Statements (cont'd)

4 Property, plant and equipment (cont'd)

Company	Medical equipment $'000	Furniture and fittings $'000	Office equipment $'000	Motor vehicles $'000	Computers $'000	Renovations $'000	Total $'000
Cost							
At 1 January 2009	1,518	1,578	567	504	2,317	3,551	10,035
Additions	160	341	64	269	291	507	1,632
Disposals	(33)	–	–	(307)	–	(23)	(363)
Write-off	(108)	(25)	(16)	–	(46)	(3)	(198)
At 31 December 2009	1,537	1,894	615	466	2,562	4,032	11,106
Additions	111	175	74	20	405	248	1,033
Write-off	(22)	(21)	(6)	–	(64)	(5)	(118)
At 31 December 2010	1,626	2,048	683	486	2,903	4,275	12,021
Accumulated depreciation							
At 1 January 2009	969	920	393	247	1,660	2,573	6,762
Depreciation charge for the year	148	135	57	40	392	431	1,203
Disposals	(26)	–	–	(151)	–	(23)	(200)
Write-off	(108)	(15)	(14)	–	(46)	(3)	(186)
At 31 December 2009	983	1,040	436	136	2,006	2,978	7,579
Depreciation charge for the year	153	153	71	43	403	471	1,294
Write-off	(17)	(14)	(5)	–	(63)	(5)	(104)
At 31 December 2010	1,119	1,179	502	179	2,346	3,444	8,769
Carrying amount							
At 1 January 2009	549	658	174	257	657	978	3,273
At 31 December 2009	554	854	179	330	556	1,054	3,527
At 31 December 2010	507	869	181	307	557	831	3,252

Notes to the Financial Statements (cont'd)

4 Property, plant and equipment (cont'd)

Details of major leasehold properties of the Group are set out below:

Leasehold Properties

Description/Location	Gross Floor Area (sq m)	Tenure	Group Carrying amount 2010 $'000	Group Carrying amount 2009 $'000
HDB shop with living quarters located at Blk 283, Bishan St 22, #01-177, Singapore 570283, held for use as a primary healthcare clinic	135.0	99 years commencing from 01/02/1991	917	943
A factory unit, located at 196 Pandan Loop, #06-05 Pantech Industrial Complex, Singapore 128384, held for use as a store	112.0	99 years commencing from 27/1/1984	263	271
HDB shop unit, located at Blk 927 Yishun Central 1, #01-173, Singapore 760927, held for use as primary healthcare clinic	76.0	99 years commencing from 01/09/1991	–	640
HDB shop with living quarters located at Blk 722 Ang Mo Kio Ave 8, #01-2825, Singapore 560722, held for use as a primary healthcare clinic	152.0	86 years commencing from 01/10/1993	1,276	1,312
HDB shop with living quarters located at Blk 131 Jurong East St 13, #01-267, Singapore 600131, held for use as a primary healthcare clinic	250.0	91 years commencing from 01/04/1993	1,607	1,650
HDB shop with living quarters located at Blk 177 Toa Payoh Central, #01-170, Singapore 310177, held for use as a primary healthcare clinic	115.0	78 years commencing from 01/10/1992	1,006	1,032
HDB shop with living quarters located at Blk 203 Bedok North St 1, #01-467, Singapore 460203, held for use as a primary healthcare clinic	153.0	84 years commencing from 01/07/1992	800	820
A hospital building, located at 585 North Bridge Road, Singapore 188770, held for use as a hospital and medical centre	46,233.2*	99 years commencing from 01/03/1979	123,216	125,488
			129,085	132,156

* Includes commercial space of 21,738.3 sq m classified as investment property.

Notes to the Financial Statements (cont'd)

4 Property, plant and equipment (cont'd)

Source of estimation uncertainty

The cost of property, plant and equipment are depreciated on a straight-line basis over their useful lives. Management estimates the useful lives of these property, plant and equipment to be between 3 to 99 years. The Group reviews annually the estimated useful lives of property, plant and equipment based on factors that include asset utilisation, internal technical evaluation and technological changes. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in these factors. A reduction in the estimated useful lives of property, plant and equipment would increase depreciation expense and decrease non-current assets.

The estimates of recoverable amounts were based on either the fair value of the property, plant and equipment determined by a firm of independent professional valuers or the value in use of the property, plant and equipment determined by management. The fair value is based on market value, 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. The recoverable amounts could change significantly as a result of changes in market conditions and the assumptions used in determining the value in use.

5 Intangible assets

Group	Membership rights $'000	Assignment fees $'000	Goodwill $'000	Total $'000
Cost				
At 1 January 2009, 31 December 2009 and 31 December 2010	164	612	152	928
Accumulated amortisation				
At 1 January 2009	–	509	–	509
Amortisation charge for the year	–	52	–	52
At 31 December 2009	–	561	–	561
Amortisation charge for the year	–	51	–	51
At 31 December 2010	–	612	–	612
Carrying amount				
At 1 January 2009	164	103	152	419
At 31 December 2009	164	51	152	367
At 31 December 2010	164	–	152	316

Company	Membership rights $'000	Goodwill $'000	Total $'000
Cost and carrying amount			
At 1 January 2009	93	152	245
At 31 December 2009	93	152	245
At 31 December 2010	93	152	245

Amortisation charge

The amortisation charge is recognised in other operating expenses in profit or loss.

Notes to the Financial Statements (cont'd)

6 Investment properties

	Group 2010 $'000	Group 2009 $'000
At 1 January	85,000	84,400
Change in fair value	3,000	600
At 31 December	88,000	85,000

As at 31 December 2010, investment properties are stated based on independent desktop valuation by Jones Lang LaSalle Property Consultants Pte. Ltd. on the basis of open market valuation.

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Group and the lessee; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices have been served validly and within the appropriate time.

Investment properties relate to the shop units within the commercial property, Raffles Hospital Building, that are leased to external customers. Each of the leases contains an initial non-cancellable period of 1 to 10 years. Subsequent renewals are negotiated with the lessee.

7 Deferred tax

Movements in deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year are as follows:

Group	At 1 January 2009 $'000	Group relief transferred $'000	Recognised in profit or loss (note 17) $'000	At 31 December 2009 $'000	Group relief transferred $'000	Recognised in profit or loss (note 17) $'000	At 31 December 2010 $'000
Deferred tax liabilities							
Property, plant and equipment	1,648	–	(91)	1,557	–	346	1,903
Deferred tax assets							
Property, plant and equipment	(291)	–	276	(15)	–	(183)	(198)
Tax value of loss carry-forward	(407)	232	(298)	(473)	100	(313)	(686)
Tax value of unabsorbed wear and tear allowances	(1,133)	1,182	–	49	–	(60)	(11)
Other items	(254)	–	47	(207)	–	(6)	(213)
	(2,085)	1,414	25	(646)	100	(562)	(1,108)

Notes to the Financial Statements (cont'd)

7 Deferred tax (cont'd)

Company	At 1 January 2009 $'000	Recognised in profit or loss $'000	At 31 December 2009 $'000	Recognised in profit or loss $'000	At 31 December 2010 $'000
Deferred tax liabilities					
Property, plant and equipment	301	42	343	150	493
Deferred tax assets					
Other items	(180)	46	(134)	43	(91)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting are included in the balance sheet as follows:

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Deferred tax liabilities	1,690	1,439	402	209
Deferred tax assets	(895)	(528)	–	–

The following temporary differences have not been recognised:

	Group	
	2010 $'000	2009 $'000
Tax losses	1,407	1,574

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

8 Trade and other receivables

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Trade receivables	21,090	23,246	9,663	9,775
Allowance for doubtful receivables	(2,881)	(3,209)	(546)	(368)
Net receivables	18,209	20,037	9,117	9,407
Deposits	2,971	1,340	1,449	1,136
Loans to directors				
– Directors of subsidiaries	237	75	237	75
Staff loans	876	380	823	314
Other receivables	2,839	1,587	142	105
Amounts due from subsidiaries:				
– trade	–	–	5,091	4,218
– non-trade (see note below)	–	–	1,050	–
Loans and receivables	25,132	23,419	17,909	15,255
Prepayments	934	864	342	440
	26,066	24,283	18,251	15,695

Notes to the Financial Statements (cont'd)

8 Trade and other receivables (cont'd)

	Company 2010 $'000	Company 2009 $'000
Amounts due from subsidiaries (non-trade)	3,150	2,100
Allowance for doubtful receivables	(2,100)	(2,100)
Net receivables	1,050	–

The non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

The loans to directors were granted in accordance with the Group's Loan Scheme for Executive Directors, approved by the shareholders at an Extraordinary General Meeting held on 29 October 1997.

The Group's primary exposure to credit risk arises through its trade receivables. Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. 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.

9 Cash and cash equivalents

	Note	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Fixed deposits		97,160	69,602	85,935	58,590
Cash at bank and in hand		9,977	4,770	2,729	497
		107,137	74,372	88,664	59,087
Bank overdrafts (unsecured)	14	–	(283)		
Cash and cash equivalents in the cash flow statement		107,137	74,089		

The weighted average effective interest rates per annum relating to cash and cash equivalents, excluding bank overdrafts, at the reporting date for the Group and Company are 0.44% (2009: 0.32%) and 0.51% (2009: 0.33%) respectively.

Interest rates reprice at intervals of one week to three months.

10 Asset classified as held for sale

In prior year, a subsidiary was bound by a sales and purchase contract to sell its HDB shop with living quarters located at Jurong West for a consideration of $740,000 and had collected a deposit of 1% of the purchase price from the purchaser. The asset and deposit associated with this property had been presented in the balance sheet as at 31 December 2009 in "Asset classified as held for sale" and "Trade and other payables", respectively.

The sale and transfer of the property was completed during 2010.

Notes to the Financial Statements (cont'd)

11 Share capital and reserves

	Note	Group 2010 $'000	Group 2009 $'000
Fully paid ordinary shares, with no par value:			
At 1 January		519,960	517,725
Issue of shares under share option scheme	12	5,984	2,235
		525,944	519,960

Ordinary shares

Unissued ordinary shares of the Company under options granted to eligible directors and employees under the Company's Employee Share Option Scheme are disclosed in note 12.

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares (excluding treasury shares) rank equally with regard to the Company's residual assets.

Currency translation reserve

The currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company, and exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options.

Dividends

The following dividends were declared and paid by the Group and Company:

	Group and Company 2010 $'000	Group and Company 2009 $'000
3 cents per qualifying ordinary share (2009: 2.5 cents)	15,698	12,965

After the respective reporting dates, the following dividends were proposed by the directors. The dividends have not been provided for and there is no income tax consequences.

	Group and Company 2010 $'000	Group and Company 2009 $'000
2.5 cents per qualifying ordinary share (2009: 2.0 cents)	13,149	10,399

12 Employee share options

RMG 2000 Scheme

On 31 October 2000, the shareholders of the Company approved the Raffles Medical Group (2000) Share Option Scheme (RMG 2000 Scheme) at the Extraordinary General Meeting. The Scheme is administered by the Committee comprising three directors, Associate Professor Wee Beng Geok, Professor Lim Pin and Dr Loo Choon Yong.

Notes to the Financial Statements (cont'd)

12 Employee share options (cont'd)

RMG 2000 Scheme (cont'd)

Information regarding the scheme is as follows:

(i) Subscription price:

(a) The exercise price of the options is determined at the average closing price of the Company's shares on the Singapore Exchange Securities Trading Limited on the three business days immediately preceding the date of grant of such options; or

(b) The discounted value of the share price determined under (a) above, provided that the maximum discount shall not exceed 20% of (a) above.

(ii) The options vest on such date in respect of such proportion of the option amount as the Committee may prescribe but shall be no earlier than 1 year after the grant date for (i)(a) and 2 years after the grant date for (i)(b).

(iii) The options granted expire after 10 years for employees and 5 years for non-employees from the grant date unless they are cancelled or have lapsed.

Movements in the number of share options and their related weighted average exercise prices are as follows:

	Weighted average exercise price 2010 $	No. of options 2010 ('000)	Weighted average exercise price 2009 $	No. of options 2009 ('000)
Outstanding at 1 January	0.774	20,960	0.751	16,142
Granted during the year	1.660	6,000	0.780	8,000
Cancelled/Lapsed during the year	1.196	(1,082)	0.957	(947)
Exercised during the year	0.726	(5,984)	0.587	(2,235)
Outstanding at 31 December	1.029	19,894	0.774	20,960
Exercisable at 31 December	0.783	11,533	0.757	13,075

Options exercised in 2010 resulted in 5,984,000 ordinary shares being issued at a weighted average exercise price of $0.726 each. Options were exercised on a regular basis throughout the year. The weighted average share price during the year was $1.88 per share.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Date of grant of options	Expiry date	Exercise price $	Options outstanding 2010 ('000)	Options outstanding 2009 ('000)
15/02/2001	14/02/2011	0.320	573	966
08/04/2002	07/04/2012	0.230	535	645
31/03/2003	30/03/2013	0.185	520	730
01/04/2004	31/03/2014	0.330	548	955
01/04/2005	31/03/2010	0.400	–	100
01/04/2005	31/03/2015	0.420	894	1,580
03/04/2006	02/04/2011	0.680	300	400
03/04/2006	02/04/2016	0.710	1,673	2,525
02/04/2007	01/04/2012	1.140	170	190
02/04/2007	01/04/2017	1.150	1,845	2,594

Notes to the Financial Statements (cont'd)

12 Employee share options (cont'd)

RMG 2000 Scheme (cont'd)

Date of grant of options	Expiry date	Exercise price $	Options outstanding 2010 ('000)	2009 ('000)
01/04/2008	31/03/2013	1.240	170	208
01/04/2008	31/03/2018	1.240	1,802	2,544
01/04/2009	31/03/2014	0.780	440	820
01/04/2009	31/03/2019	0.780	4,868	6,703
01/04/2010	31/03/2015	1.660	295	–
01/04/2010	31/03/2020	1.660	5,261	–
			19,894	20,960

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a Black-Scholes Option Pricing model.

Date of grant of options	Group 01/04/2010	01/04/2009
Fair value of share options and assumptions		
Fair value at measurement date	\$0.383 - \$0.472	\$0.231 - \$0.275
Share price	\$1.64	\$0.78
Exercise price	\$1.66	\$0.78
Expected volatility	30.80%	39.65%
Expected option life	5 - 10 years	5 - 10 years
Expected dividend yield	2.52%	2.80%
Risk-free interest rate	2.53%	2.70%

The expected volatility is based on the historic volatility (calculated based on the weighted average expected life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

There are no market conditions associated with the share option grants. Service conditions and non-market performance conditions are not taken into account in the measurement of the fair value of the services to be received at the grant date.

RMG 2010 Scheme

At the Annual General Meeting held on 30 April 2010, the shareholders of the Company adopted the Raffles Medical Group (2010) Share Option Scheme (RMG 2010 Scheme) for the Company. The existing RMG 2000 Scheme was concurrently terminated. The termination of the RMG 2000 Scheme will, however, not affect the subscription rights comprised in options granted pursuant to the RMG 2000 Scheme prior to the termination. Such options will continue to be exercisable in accordance with the rules of the RMG 2000 Scheme. However, no further options will be granted under the RMG 2000 Scheme.

Information regarding the scheme is as follows:

(i) Subject to any adjustment pursuant to any variation of the share capital of the Company, the subscription price for each share under the RMG 2010 Scheme shall be:

Notes to the Financial Statements (cont'd)

12 Employee share options (cont'd)

RMG 2010 Scheme (cont'd)

(a) a price equal to the average of the last dealt prices for a share, as determined by reference to the daily official list or other publication published by the Singapore Exchange Securities Trading Limited for the three consecutive market days immediately preceding the offer date of that option, rounded up to the nearest whole cent, provided that in the case of a Market Price Option that is proposed to be granted to a Controlling Shareholder or an Associate of a Controlling Shareholder, the Subscription Price for each share shall be equal to the average of the last dealt price(s) for a share, as determined by reference to the daily official list published by the Singapore Exchange Securities Trading Limited, for the three consecutive market days immediately preceding the latest practicable date prior to the date of any circular, letter or notice to the Shareholders proposing to seek their approval of the grant of such options to such Controlling Shareholder and/or Associate of a Controlling Shareholder; or

(b) the discounted value of the share price determined under (a) above, provided that the maximum discount shall not exceed 20% of (a) above, and

(c) the prior approval of the shareholders of the Company in general meeting shall have been obtained for the making of offers and grants of options at a discount not exceeding the maximum discount in a separate resolution (for the avoidance of doubt, such prior approval shall be required to be obtained only once and, once obtained, shall, unless revoked, authorise the making of offers and grants of options under the RMG 2010 Scheme at such discount for the duration of the RMG 2010 Scheme), and

(d) the prior approval of the shareholders of the Company in general meeting shall have been obtained for the discount exceeding 20% of the market price if it is prescribed or permitted for the time being by the Singapore Exchange Securities Trading Limited.

(ii) The options vest on such date in respect of such proportion of the option amount as the Committee may prescribe but shall be no earlier than 1 year after the grant date for (i)(a) and 2 years after the grant date for (i)(b).

(iii) The options granted expire after 10 years for employees and 5 years for non-employees from the grant date unless they are cancelled or have lapsed.

The RMG 2010 Scheme is administered by a committee comprising Directors of the Company duly authorised and appointed by the Board to administer the RMG 2010 Scheme.

No options have been granted since the commencement of the RMG 2010 Scheme.

13 Trade and other payables

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Trade payables	15,980	17,143	3,355	5,688
Accrued operating expenses	23,829	24,191	6,889	6,017
Trade amounts due to subsidiaries	–	–	65,251	48,977
Non-trade amounts due to subsidiaries	–	–	200	700
Deferred income	99	977	–	–
Insurance contract provisions	4,542	4,774	–	–
Deposits received	3,450	3,369	1	1
Other payables	3,072	1,518	1,209	1,374
	50,972	51,972	76,905	62,757

The non-trade amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

Notes to the Financial Statements (cont'd)

13 Trade and other payables (cont'd)

Analysis of movements in insurance contract provisions

	2010			2009		
	Gross $'000	Reinsurers' share $'000	Net $'000	Gross $'000	Reinsurers' share $'000	Net $'000
Balance at beginning of the year	7,546	(2,772)	4,774	5,718	(1,492)	4,226
Provision made	16,440	(4,372)	12,068	14,618	(2,423)	12,195
Provision used	(15,332)	3,032	(12,300)	(12,790)	1,143	(11,647)
Balance at end of the year	8,654	(4,112)	4,542	7,546	(2,772)	4,774

The Group commenced its underwriting activities from 1 January 2005. Accordingly, the Group's policy liabilities related to those risks written from 1 January 2005 and the Group is not liable for risks prior to this date. Historical data collated by management were used for determining the expected ultimate claims liability. This data was also supplemented by externally available information on industry statistics and trend.

The monitoring and evaluation of claim is actively pursued with processes. This is to ensure the adequacy of the provisions required to meet the obligations of the Group's future liabilities. An external actuary performs regularly a valuation of the policy liabilities in accordance with the Monetary Authority of Singapore's regulations. The adequacy of the estimated claim liabilities are verified by the actuary.

Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. However, future claims experience might deviate, possibly materially from the projections. Among other reasons, this is because the ultimate claim amount will be affected by future external events, for example, changes in the interpretation of policy conditions and the attitudes of claimants towards settlement of their claims.

14 Interest-bearing liabilities

	Note	Group		Company	
		2010 $'000	2009 $'000	2010 $'000	2009 $'000
Non-current liabilities					
Unsecured bank loans		18,000	20,000	–	–
Current liabilities					
Unsecured bank overdrafts	9	–	283	–	–
Unsecured bank loans		4,577	4,236	2,577	2,236
		4,577	4,519	2,577	2,236
Total borrowings		22,577	24,519	2,577	2,236

Notes to the Financial Statements (cont'd)

14 Interest-bearing liabilities (cont'd)

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Effective interest rate %	Year of maturity	Floating interest rate $'000	Fixed interest rate maturing within 1 year $'000	Total $'000
Group					
2010					
S$ floating rate loan	0.91	2013	20,000	–	20,000
HK$ fixed rate term loan	1.08	2011	–	2,577	2,577
			20,000	2,577	22,577
2009					
S$ floating rate loan	2.07	2013	22,000	–	22,000
HK$ bank overdrafts	3.65	2010	283	–	283
HK$ fixed rate term loan	1.45	2010	–	2,236	2,236
			22,283	2,236	24,519
Company					
2010					
HK$ fixed rate term loan	1.08	2011	–	2,577	2,577
2009					
HK$ fixed rate term loan	1.45	2010	–	2,236	2,236

15 Financial instruments

Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Loans and receivables	25,132	23,419	17,909	15,255
Cash and cash equivalents	107,137	74,372	88,664	59,087
Recognised financial assets	132,269	97,791	106,573	74,342

Notes to the Financial Statements (cont'd)

15 Financial instruments (cont'd)

Impairment losses

The ageing of loans and receivables at the reporting date is:

	Gross 2010 $'000	Impairment losses 2010 $'000	Gross 2009 $'000	Impairment losses 2009 $'000
Group				
No credit terms	5,810	–	2,927	–
Not past due	8,744	–	10,251	–
Past due 0 – 30 days	4,931	84	4,004	–
Past due 31 – 365 days	8,007	2,388	7,635	1,887
More than one year	521	409	1,811	1,322
	28,013	2,881	26,628	3,209
Company				
No credit terms	4,741	2,100	3,341	2,100
Not past due	10,325	–	9,745	–
Past due 0 – 30 days	1,848	–	1,758	–
Past due 31 – 365 days	3,248	244	2,575	64
More than one year	393	302	304	304
	20,555	2,646	17,723	2,468

The change in impairment loss in respect of loans and receivables during the year is as follows:

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
At 1 January	3,209	3,011	2,468	2,502
Impairment loss recognised	1,194	1,112	428	143
Impairment loss utilised	(1,522)	(914)	(250)	(177)
At 31 December	2,881	3,209	2,646	2,468

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due or past due up to 30 days, except for specifically identified amounts. These receivables are mainly arising by customers that have a good record with the Group.

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Group	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	2 to 5 years $'000
2010				
Non-derivative financial liabilities				
HK$ fixed rate term loan	2,577	2,609	2,609	–
S$ floating rate loan	20,000	20,637	2,201	18,436
Trade and other payables*	46,331	46,331	46,331	–
	68,908	69,577	51,141	18,436

Notes to the Financial Statements (cont'd)

15 Financial instruments (cont'd)

Liquidity risk (cont'd)

Group	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	2 to 5 years $'000
2009				
Non-derivative financial liabilities				
HK$ bank overdrafts	283	293	293	–
HK$ fixed rate term loan	2,236	2,269	2,269	–
S$ floating rate loan	22,000	23,277	2,328	20,949
Trade and other payables*	46,221	46,221	46,221	–
	70,740	72,060	51,111	20,949

* Excludes deferred income received and insurance contract provisions.

Currency risk

In respect of other monetary assets and liabilities held in currencies other than the Singapore dollars, the Group ensures that the net exposure to currency fluctuation is kept to an acceptable level. The Group does not have significant currency risks.

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

For the variable rate financial instruments, 100 basis points (bp) increase at the reporting date would have increased profit or loss by approximately $772,000 (2009: $473,000) and $859,000 (2009: $586,000) for the Group and the Company, respectively. A decrease of 100 bp would have an equal but opposite effect.

Fair values

The carrying 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.

16 Profit for the year

The following items have been included in arriving at profit for the year:

	Group 2010 $'000	Group 2009 $'000
Allowance for doubtful receivables	1,194	1,112
Amortisation of intangible assets	51	52
Change in fair value in investment properties	(3,000)	(600)
Contributions to defined contribution plans, included in staff costs	6,065	6,303
Gain on disposal of property, plant and equipment	(474)	–
Interest expense		
– bank loans	232	399
– bank overdrafts	7	11
Interest income from fixed deposits	(366)	(180)
Non-audit fees paid to auditors of the Company	5	4
Property, plant and equipment written-off	31	46
Value of employee services received for issue of share options, included in staff costs	2,359	1,585

Notes to the Financial Statements (cont'd)

17 Income tax expense

	Group	
	2010	2009
	$'000	$'000
Current tax expense		
Current year	7,822	7,347
Under/(Over) provided in prior years	8	(267)
	7,830	7,080
Deferred tax expense		
Movements in temporary differences	(238)	(154)
Underprovided in prior years	22	88
	(216)	(66)
Income tax expense	7,614	7,014

Reconciliation of effective tax rate

	Group	
	2010	2009
	$'000	$'000
Profit before income tax	53,096	45,047
Tax calculated using Singapore corporate tax rate of 17%	9,026	7,658
Effect of reduction in tax rates	–	(24)
Expenses not deductible for tax purposes	209	1,526
Income not subject to tax	(1,007)	(1,323)
Tax incentive	(757)	(783)
Tax effect of unrecognised tax losses	28	45
Under/(Over) provided in prior years	30	(179)
Others	85	94
	7,614	7,014

18 Earnings per share

	Group	
	2010	2009
	$'000	$'000
Basic earnings per share is based on:		
Net profit attributable to ordinary shareholders	45,265	37,882

	No. of shares ('000)	No. of shares ('000)
Issued ordinary shares at beginning of the year	518,731	516,862
Effect of share options exercised	4,536	1,869
Weighted average number of ordinary shares	523,267	518,731

	Group	
	2010	2009
	$'000	$'000
Diluted earnings per share is based on:		
Net profit attributable to ordinary shareholders	45,265	37,882

Notes to the Financial Statements (cont'd)

18 Earnings per share (cont'd)

For the purpose of calculating the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the dilutive share options, with the potential ordinary shares weighted for the period outstanding.

The effect of the exercise of share options on the weighted average number of ordinary shares in issue is as follows:

	2010 No. of shares ('000)	2009 No. of shares ('000)
Weighted average number of:		
Ordinary shares used in the calculation of basic earnings per share	523,267	518,731
Potential ordinary shares issuable under share options	8,486	5,635
Weighted average number of ordinary issued and potential shares assuming full conversion	531,753	524,366

19 Operating segments

The Group has 3 reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Chairman reviews internal management reports regularly. The following summary describes the operations in each of the Group's reportable segments:

Healthcare services	:	The operations of medical clinics and other general medical services; provision of health insurance, trading in pharmaceutical and nutraceutical products and diagnostic equipment, and provision of management and consultancy services.
Hospital services	:	The provision of specialised medical services and operation of hospital and business of medical laboratory and imaging centre.
Investment holdings	:	Investment holding.

Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's Chairman. Segment profit is used to measure performance as management believes that such information is most relevant in evaluating the results of certain segments relative to other entities operating within these businesses.

Inter-segment pricing is determined on mutually agreed terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise deferred and current tax liabilities and assets.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Notes to the Financial Statements (cont'd)

19 Operating segments (cont'd)

Information about reportable segments

	Healthcare services		Hospital services		Investment holdings		Total	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Revenue and expenses								
External revenue	94,864	89,382	154,575	137,899	7,940	7,799	257,379	235,080
Inter-segment revenue	1,357	685	9,088	8,137	7,811	7,648	18,256	16,470
Finance expenses	(31)	(59)	–	–	(208)	(351)	(239)	(410)
Depreciation of property, plant and equipment	(1,701)	(1,627)	(2,797)	(2,802)	(165)	(190)	(4,663)	(4,619)
Amortisation of intangible assets	–	–	–	–	(51)	(52)	(51)	(52)
Reportable segment profit before income tax	8,257	6,902	38,502	34,075	8,609	6,342	55,368	47,319
Reportable segment assets	322,103	296,761	88,964	72,276	346,379	347,713	757,446	716,750
Capital expenditure	1,410	1,864	4,042	2,028	–	–	5,452	3,892
Reportable segment liabilities	97,038	83,271	43,081	35,387	196,740	199,567	336,859	318,225

Notes to the Financial Statements (cont'd)

19 Operating segments (cont'd)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

	2010 $'000	2009 $'000
Revenues		
Total revenue for reportable segments	257,379	235,080
Elimination of inter-segment revenue	(18,256)	(16,470)
Consolidated revenue	239,123	218,610
Profit or loss		
Total profit for reportable segments	55,368	47,319
Adjustment for depreciation of property, plant and equipment	(2,272)	(2,272)
Consolidated profit before income tax	53,096	45,047
Assets		
Total assets for reportable segments	757,446	716,750
Elimination of inter-segment assets	(386,591)	(380,467)
Unallocated amounts – deferred tax assets	895	528
Consolidated total assets	371,750	336,811
Liabilities		
Total liabilities for reportable segments	336,859	318,225
Elimination of inter-segment liabilities	(263,310)	(241,734)
Unallocated amounts – current and deferred tax liabilities	11,239	10,170
Consolidated total liabilities	84,788	86,661

Other material items

	Reportable segment totals $'000	Adjustments $'000	Consolidated totals $'000
2010			
Depreciation of property, plant and equipment	4,663	2,272	6,935
2009			
Depreciation of property, plant and equipment	4,619	2,272	6,891

The hospital building at North Bridge Road is owned by a subsidiary and classified as Investment Property in the subsidiary's standalone financial statements. In accordance with the Group's accounting policies, investment property is measured at fair value and not depreciated.

For the preparation of the consolidated financial statements, the hospital building is reclassified from Investment Property to Property, Plant and Equipment as the building is used in the supply of hospital services by the Group. Accordingly, the carrying value of the hospital building is depreciated over its useful life in the consolidated financial statements of the Group.

The amount of $2,272,000 (2009: $2,272,000) relates to the depreciation of the hospital building for the year ended 31 December 2010.

Notes to the Financial Statements (cont'd)

19 Operating segments (cont'd)

Geographical segments

With respect to the presentation of geographical segment information, the Group's segments are mainly managed and operating in Singapore. Accordingly, the Group does not consider it meaningful to allocate revenues, assets and capital expenditure to specific geographical segments.

Major customer

There is no customer within the segments that represents more than 10% of the Group's revenue.

20 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Investment property

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property every year. The fair values are 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 and willingly.

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the markets' general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Group and the lessee; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

Share-based payment transactions

The fair value of the employee share options is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

Non-derivative financial 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 date.

21 Financial risk management

Overview

The Group has exposure to the following risks:

- 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 risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

Notes to the Financial Statements (cont'd)

21 Financial risk management (cont'd)

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.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

The Group has a credit policy in place which establishes credit limit for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on customers requiring credit over certain amount. The credit quality of customers is assessed after taking into account its financial position and past experience with the customers.

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 and investment securities.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The allowance account in respect of trade and other 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 asset.

Cash and fixed deposits are placed with banks and financial institutions which are regulated. The Group limits its credit risk exposure in respect of investments by only investing in liquid securities. Given the high credit ratings, management does not expect any counterparty to fail to meet its obligations.

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.

Market risk

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

In respect of other monetary assets and liabilities held in currencies other than the entity's functional currency, the Group ensures that the net exposure to currency fluctuation is kept to an acceptable level.

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

The Group does not have significant exposure to equity price risks.

Notes to the Financial Statements (cont'd)

21 Financial risk management (cont'd)

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity excluding non-controlling interest. The Board also monitors the levels of dividends to ordinary shareholders.

The Board seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Group has a scrip dividend scheme to provide an opportunity for ordinary shareholders to make an election to receive dividends in the form of shares, credited as fully paid up instead of cash. It will enable ordinary shareholders to participate in the equity capital of the Group without incurring brokerage fees, stamp duty and other related costs. The Group will also benefit from the participation by ordinary shareholders in the scheme as, to the extent that ordinary shareholders elect to receive dividend in the form of shares, the cash which would otherwise be payable by way of cash dividends may be retained to fund the growth and expansion of the Group. The issue of shares *in lieu* of cash dividends under the scheme will also enlarge the Group's share capital base and the retention of cash will strengthen its working capital position.

The Group has a defined share buy-back plan to purchase its own shares on the market; the timing of these purchases depends on market prices.

The Company and its subsidiaries are not subject to externally imposed capital requirements, except for International Medical Insurers Pte Ltd which is required to comply with applicable insurance regulations.

22 Operating leases

Leases as lessee

At 31 December 2010, the Group and the Company have commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Payable:				
Within 1 year	4,596	4,942	4,221	4,594
Between 1 and 5 years	3,595	3,864	3,104	3,236
	8,191	8,806	7,325	7,830

The leases typically run for an initial period of three to six years, with an option to renew the lease after that date. For renewed leases, the lease payments are determined based on the prevailing market rent at the point of renewal.

Leases as lessor

At 31 December 2010, the Group has future minimum lease and sub-lease income receivables under non-cancellable operating leases as follows:

	Group	
	2010 $'000	2009 $'000
Receivable:		
Within 1 year	2,405	1,755
After 1 year but within 5 years	4,968	4,783
After 5 years	1,285	2,522
	8,658	9,060

Notes to the Financial Statements (cont'd)

23 Related parties

For the purposes 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.

Transactions with key management personnel

Directors participate in the Employee Share Option Scheme. 240,000 (2009: 340,000) share options were granted to the directors of the Company during the year. The share options that were granted during the year were on the same terms and conditions as those offered to other employees of the Company as described in note 12. At the reporting date, 896,000 (2009: 824,000) of the share options granted to the directors of the Company were outstanding.

24 Key management personnel compensation

Key management personnel compensation comprised:

	Group	
	2010 $'000	2009 $'000
Directors' remuneration included in staff costs	8,086	7,085
Directors' fees	195	166
Share-based benefits	254	156
	8,535	7,407

25 Group entities

	Company	
	2010 $'000	2009 $'000
Investments in subsidiaries	26,643	22,501
Amounts due from subsidiaries (mainly non-trade)	176,238	175,081
	202,881	197,582

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand. The management of the Company does not intend for the amounts to be repaid within the next twelve months.

Details of subsidiaries are as follows:

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity interest held by the Group 2010 %	2009 %
[1] Raffles Hospital Pte Ltd	Provision of general and specialised medical services and operation of a hospital	Singapore	100	100
[1] Raffles Diagnostica Pte Ltd	Operation of medical laboratory and imaging centre	Singapore	100	100

Notes to the Financial Statements (cont'd)

25 Group entities (cont'd)

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity interest held by the Group 2010 %	2009 %
[1] Raffles Medical Properties Pte Ltd and its subsidiary:	Investment holding	Singapore	100	100
[1] Raffles Hospital Properties Pte Ltd	Property owner	Singapore	100	100
[3] Raffles International Medical Assistance Pte Ltd	Provision of medical evacuation and repatriation and provision of medical advisory services (currently inactive)	Singapore	100	100
[3] Raffles Medical Management Pte Ltd	Provision of business management and consultancy services (dormant)	Singapore	100	100
[3] Raffles SurgiCentre Pte Ltd	Provision of general and specialised medical services and operation of a hospital (dormant)	Singapore	100	100
[1] Raffles Japanese Clinic Pte Ltd	Operation of medical clinics and provision of medical services	Singapore	80	80
[1] Raffles Health Pte Ltd	Trading in pharmaceutical and nutraceutical products and diagnostic equipment	Singapore	100	100
[1] Aptitude (2003) Pte Ltd	Provision of advisory and consultancy services and developing IT solutions	Singapore	100	100
[1] Raffles Medical International Pte Ltd and its subsidiaries:	Investment holding	Singapore	100	100
[2] Raffles Medical Group (Hong Kong) Limited and its subsidiaries:	Operation of medical clinics and provision of medical and dental treatment services	Hong Kong	100	100
[2] Coors Consultants Limited	Provision of management services to medical practitioners and the trading of medicine on an indent basis	Hong Kong	100	100
[3] Medical Properties Co. Limited	Investment holding	Hong Kong	100	100
[3] Renguang Management Consultancy (Shanghai) Co. Ltd	Management consultancy	China	100	–
[1] International Medical Insurers Pte Ltd	Provision of health and related insurance	Singapore	100	100
[3] PT Raffles Medika Indonesia	Provision of hospital and healthcare management and consultancy services	Indonesia	100[4]	100[4]

Notes to the Financial Statements (cont'd)

25 Group entities (cont'd)

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity interest held by the Group 2010 %	2009 %
[1] Raffles Chinese Medicine Pte Ltd	Provision of general medical services, acupuncture and acupressure	Singapore	100	100
[3] Raffles Korean Clinic Pte Ltd	Operation of medical clinics and provision of medical services (dormant)	Singapore	100	100
[3] RMG Capital Pte. Ltd. and its subsidiary:	Investment holding (dormant)	Singapore	100	100
[3] Asian Healthcare Capital Management Pte Ltd	Investment management (dormant)	Singapore	100	100
[3] International Medical Investment Co., Ltd	Investment holding (dormant)	British Virgin Islands	100	100

1 *Audited by KPMG LLP, Singapore.*
2 *Audited by Wong Brothers & Co., Hong Kong.*
3 *Not required to be audited.*
4 *Shares of this subsidiary are partially held in trust by a director and an employee of the subsidiary.*

KPMG LLP is the auditor of all significant Singapore-incorporated subsidiaries. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represents 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

26 Capital commitments

On 21 October 2010, a subsidiary was bound by a sales and purchase contract to buy two units of office space located at 3 Church Street, for a consideration of $14,163,800 and had paid a deposit of 5% of the purchase price to the seller. The purchase of the property had been completed in January 2011.

27 Subsequent event

On 18 February 2011, the Group successfully tendered for a property for a purchase consideration of $92,080,000. The purchase is expected to be completed on or before 29 April 2011.

Shareholdings Statistics

As at 15 March 2011

Class of shares - Ordinary shares
Voting rights - 1 vote per ordinary share

Shareholdings held in hands of public

Based on information available to the Company as at 15 March 2011, approximately 46.68% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

Analysis of shareholdings

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	472	7.28	149,786	0.03
1,000 - 10,000	4,846	74.80	17,763,428	3.37
10,001 - 1,000,000	1,141	17.61	46,043,928	8.74
1,000,001 and above	20	0.31	462,810,251	87.86
	6,479	100.00	526,767,393	100.00

Shareholdings Statistics (cont'd)

As at 15 March 2011

Top 20 shareholders

No.	Name of Shareholder	No. of Shares	%
1	Raffles Medical Holdings Pte Ltd	173,197,700	32.88
2	Loo Choon Yong	53,705,000	10.19
3	Citibank Nominees Singapore Pte Ltd	39,877,484	7.57
4	DBS Nominees Pte Ltd	39,452,629	7.49
5	DBSN Services Pte Ltd	36,460,771	6.92
6	HSBC (Singapore) Nominees Pte Ltd	19,164,300	3.64
7	S & D Holdings Pte Ltd	17,600,000	3.34
8	UOB Nominees (2006) Pte Ltd	17,000,000	3.23
9	Raffles Nominees (Pte) Ltd	16,773,156	3.18
10	BNP Paribas Securities Services Singapore	16,537,000	3.14
11	United Overseas Bank Nominees Pte Ltd	8,469,640	1.61
12	Asian Medical Foundation Ltd	4,200,000	0.80
13	Western Properties Pte Ltd	4,152,000	0.79
14	Tan Tiang Lee	3,840,000	0.73
15	Yii Hee Seng	3,580,000	0.68
16	Yang Ching Yu	2,877,000	0.55
17	DB Nominees (S) Pte Ltd	2,131,200	0.40
18	OCBC Nominees Singapore Pte Ltd	1,545,360	0.29
19	Kwok Wai Ling	1,200,000	0.23
20	CIMB Securities (S) Pte Ltd	1,047,011	0.20
		462,810,251	87.86

Substantial shareholders

Name	Direct Interest	%	Deemed Interest	%	Total Interest	%
Dr Loo Choon Yong	53,820,000	10.22	224,781,898	42.67	278,601,898	52.89
Raffles Medical Holdings Pte Ltd	206,697,700	39.24	-	-	206,697,700	39.24

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 22nd Annual General Meeting (AGM) of Raffles Medical Group Ltd (the Company) will be held at 585 North Bridge Road, Raffles Hospital, #11-00, Singapore 188770 on Friday, 29 April 2011 at 11.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions as ordinary resolutions:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts for the year ended 31 December 2010 and the Reports of the Directors and the Auditors, and the Statement of Directors thereon. **(Resolution 1)**

2. To declare a one-tier tax exempt final dividend of 2.5 Singapore cents per share for the year ended 31 December 2010 in accordance with the Scrip Dividend Scheme (2009: 2 Singapore cents per share). **(Resolution 2)**

3. To approve Directors' fees (S$140,000) for the year ended 31 December 2010 (2009: S$109,000). **(Resolution 3)**

4. To re-elect Professor Lim Pin, a Director retiring under Section 153(6) of the Companies Act, to hold office from the date of this Annual General Meeting until the next Annual General Meeting. **(Resolution 4)**

Professor Lim Pin will, upon re-appointment as a Director of the Company, remain as a member of the Nomination & Compensation Committee.

5. To re-elect Dr Loo Choon Yong, who is retiring under Article 93 of the Articles of Association of the Company. **(Resolution 5)**

Dr Loo Choon Yong will, upon re-appointment as a Director of the Company, remain as a member of the Audit Committee and the Nomination & Compensation Committee. He is a Non-Independent Director and Executive Chairman of the Company.

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

7. To transact any other business which may be properly transacted at an Annual General Meeting. **(Resolution 7)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without amendments the following Ordinary Resolutions:

8. Authority to allot and issue shares

That pursuant to Section 161 of the Companies Act, Chapter 50, and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (SGX-ST), authority be and is hereby given to the Directors of the Company to:

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

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

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

(b) (notwithstanding that this authority may have ceased to be in force) issue shares and convertible securities in pursuance of any Instrument made or granted by the Directors while this authority was in force,

provided that:

Notice of Annual General Meeting (cont'd)

(1) the aggregate number of shares to be issued pursuant to this authority (including shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed 50% of the total number of issued shares of the Company excluding treasury shares (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and convertible securities to be issued other than on a *pro-rata* basis to the existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed 20% of the total number of issued shares of the Company (as calculated in accordance with subparagraph (2) below) excluding treasury shares;

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) of the Company at the time this authority is given, after adjusting for:

(i) new shares arising from the conversion or exercise of convertible securities;

(ii) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this authority is given; and

(iii) any subsequent bonus issue, consolidation or sub-division of shares;

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

(4) (unless revoked or varied by the Company in general meeting) this authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law and the Listing Manual to be held, whichever is the earlier. **(Resolution 8)**

9. Authority to allot and issue shares under the Raffles Medical Group (2010) Share Option Scheme

That pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the provisions of the Raffles Medical Group (2010) Share Option Scheme (the Scheme) and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of such options under the Scheme, provided that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed 15% of the total number of issued shares, excluding treasury shares, of the Company from time to time. **(Resolution 9)**

10. The Proposed Renewal of Share Buy Back Mandate

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (**Ordinary Shares**) not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) an on-market Share Buy Back (**On-Market Share Buy Back**), transacted on the SGX-ST through the ready market or the special trading counter on SGX-ST trading system or on any other securities exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stock brokers appointed by the Company for the purpose; and/ or

(ii) off-market purchase(s) (if effected otherwise than on the SGX-ST or, as the case may be, Other Exchange) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act, and otherwise in accordance with all other laws and regulations and rules of the SGX-ST or, as the case may be, Other Exchanges as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the **Share Buy Back Mandate**);

Notice of Annual General Meeting (cont'd)

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

(i) the date on which the next Annual General Meeting of the Company is held; or

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held;

(c) in this Resolution:

"**Average Closing Price**" means the average of the last dealt prices of a Share for the five consecutive market days on which the Shares are transacted on the SGX-ST immediately preceding the date of the On-Market Share Buy Back by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Equal Access Share Buy Back, and deemed to be adjusted, in accordance with the listing rules of the SGX-ST, for any corporate action that occurs after the relevant five-day period;

"**Date of the Making of the Offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Equal Access Share Buy Back, stating the purchase price (which shall not be more than 5% above the Average Closing Price of the Shares, excluding related expenses of the purchase or acquisition) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Equal Access Share Buy back;

"**Maximum Percentage**" means that the number of issued Ordinary Shares representing 10% of the issued Ordinary Shares of the Company as at the date of the passing of this Resolution; and

"Maximum Price" in relation to an Ordinary Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed:

(i) in the case of a market purchase of an Ordinary Share, more than 5% of the Average Closing Price (as defined above) of the Ordinary Shares;

(ii) and in the case of an off-market purchase of an Ordinary Share, more than 5% of the Average Closing Price of the Ordinary Shares; and

(d) the Directors of the Company and/ or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/ or he may consider expedient or necessary to give effect to the transactions contemplated and/ or authorised by this Resolution. **(Resolution 10)**

11. Authority to issue shares under the Scrip Dividend Scheme

That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the SGX-ST, the Directors of the Company be authorised and empowered to issue such number of shares in the Company as may be required to be issued pursuant to the Scrip Dividend Scheme from time to time in accordance to the terms and conditions of the Scrip Dividend Scheme set out in the Circular to Shareholders dated 8 April 2010 and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. **(Resolution 11)**

BY ORDER OF THE BOARD

Tay Kim Choon Kimmy
Sok Lee Chandran
Company Secretaries

Singapore, 12 April 2011

Notice of Annual General Meeting (cont'd)

Explanatory Notes:

Ordinary Resolution 2 above, if passed, will give the shareholders the option to participate in a Scrip Dividend Scheme to receive New Shares in lieu of part or all of the cash amount of the said dividend pursuant to the terms and conditions as set out in the Scrip Dividend Scheme Statement approved at the Extraordinary General Meeting of the Company held on 30 April 2010.

Ordinary Resolution 8 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the date of the next Annual General Meeting to allot and issue shares and convertible securities in the Company up to an amount not exceeding in total 50% of the total number of issued shares of the Company, excluding treasury shares, for the time being for such purposes as they consider would be in the interest of the Company, provided that the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders pursuant to this Resolution shall not exceed 20% of the total number of issued shares of the Company, excluding treasury shares, for the time being.

Ordinary Resolution 9 above, if passed, will empower the Directors to issue shares in the capital of the Company pursuant to the exercise of the options under the Raffles Medical Group (2010) Share Option Scheme provided that the aggregate number of shares to be issued does not exceed 15% of the total number of shares issued by Company at any time.

Ordinary Resolution 10 above, if passed, will renew the Share Buy Back Mandate to permit the Company to purchase or otherwise acquire its issued ordinary shares on the terms and subject to the conditions of the Resolution. Further details are set out in the letter to shareholders which is enclosed with the Company's Annual Report.

The Ordinary Resolution 11 above, if passed, will empower the Directors of the Company, from the date of this Meeting until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or when varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company from time to time pursuant to the Scrip Dividend Scheme.

Notes:

An ordinary shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and to vote in his stead. An ordinary shareholder of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.

A proxy need not be a member of the Company.

The instrument appointing a proxy must be deposited at the Company's office at 585 North Bridge Road, Raffles Hospital, #11-00, Singapore 188770, at least 48 hours before the time for holding the Meeting.

RafflesMedicalGroup

(Incorporated in the Republic of Singapore)
(Company Registration No.198901967K)

IMPORTANT

1. For investors who have used their CPF monies to buy Raffles Medical Group Ltd shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominee and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

I/We ______________________________

of ______________________________

being a member/members of the abovementioned Company hereby appoint:

Name	Address	NRIC / Passport Number	Proportion of Shareholdings (%)

And/or (delete as appropriate)

Name	Address	NRIC / Passport Number	Proportion of Shareholdings (%)

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, and if necessary, to demand a poll, at the Annual General Meeting of the Company to be held on Friday, 29 April 2011 at 11.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolution to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion.

No.	RESOLUTIONS	To be used on a show of hands		To be used in the event of a poll	
		For*	Against*	For**	Against**
	ORDINARY BUSINESS				
1.	Adoption of Reports and Accounts				
2.	Declaration of Final Dividend				
3.	Approval of Directors' Fees				
4.	Re-election of Professor Lim Pin retiring under Section 153(6) of the Companies Act				
5.	Re-election of Dr Loo Choon Yong in accordance with Article 93 of the Articles of Association of the Company				
6.	Re-appointment of KPMG LLP as Auditors				
7.	To transact any other business				
	SPECIAL BUSINESS				
8.	Authority to allot and issue shares				
9.	Authority to allot and issue shares under the Raffles Medical Group (2010) Share Option Scheme				
10.	Renewal of the Share Buy Back Mandate				
11.	Authority to issue shares under the Scrip Dividend Scheme				

* Please indicate how you wish to vote "For" or "Against" with an "X" within the box provided.
** If you wish to use all your votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes placed accordingly.

Dated this ______________ day of ________________________ 2011

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

Total Number of Shares Held	

IMPORTANT: PLEASE READ NOTES OVERLEAF

Fold this Flap For Sealing

Affix
Stamp
Here
Please

The Company Secretary
Raffles Medical Group Ltd
585 North Bridge Road
#11-00 Raffles Hospital
Singapore 188770

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Notes:

A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. Such proxy need not be a member of the Company. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

The instrument appointing a proxy or proxies (together with the power of attorney, if any, under which it is signed or a notarially certified copy thereof) must be deposited at the registered office of the Company at 585 North Bridge Road, Raffles Hospital, #11-00, Singapore 188770, not less than 48 hours before the time appointed for the Annual General Meeting.

A corporation which is a member may authorise by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the 22nd Annual General Meeting, in accordance with Section 161 of the Companies Act, Chapter 50 of Singapore.

Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members.

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

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RafflesMedicalGroup

Company Registration No. 198901967K

585 North Bridge Road
Raffles Hospital #11-00
Singapore 188770

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