



RafflesMedicalGroup

ANNUAL REPORT 2000

Building a Hospital

Around Our Patients





Raffles Hospital Opens 31 March 2001

Measuring 50,000 square metres, the distinctive 13-storey sandstone and azure coloured building stands in the heart of the city flanked by North Bridge Road, Ophir Road and Victoria Street. *Cover story on page 13.*

Cover: Little Nicole's vision of a caring hospital is realised on her visit to Raffles Hospital's Children Centre

Our New Logo	1
Key Milestones	2
Corporate Information	4
Corporate Profile	5
Chairman's Message	6
Our Board of Directors	10
Senior Management	11
Building a Hospital Around Our Patients	13
Operations Review	18
Corporate Governance	20
Financial Highlights	22
Directors' Report	23
Statement of Directors	31
Report of the Auditors to the Members of Raffles Medical Group Ltd	32
Balance Sheet	33
Profit and Loss Accounts	34
Consolidated Statement of Changes in Equity	35
Statement of Changes in Equity	36
Consolidated Statement of Cash Flows	37
Notes to the Financial Statements	39
Additional Information	56
Shareholdings Statistics	57
Notice of Annual General Meeting	58
Proxy Form	59



RafflesMedicalGroup

In both western and eastern cultures, the seal has traditionally held great importance as it represents its owner.

We kept our Chinese seal when we updated our logo to reflect the expansion of our business with the opening of Raffles Hospital. It is our stamp for the past 25 years and bears our unwavering promise ...

TO OUR PATIENTS OUR BEST

... a fundamental corporate value that anchors us to our heritage and from strong foundations we will grow, always refreshing and reinventing ourselves to meet the changing needs of our patients.

RafflesHospital

As with the logos of our subsidiaries, the word Raffles is in green, the colour of life which we seek to touch in everything that we do. The slant of the font symbolises our growth and our move with time, technology and customer expectations.

So with no embellishments, we present simply and confidently to our patients and partners in healthcare ... ourselves and our best.

Key Milestones



- 1976 : Group founded by Dr Loo ChoonYong and Dr Alfred Loh with two clinics in the Central Business District, providing medical services to corporate clients and private patients.
- 1982 : Established main clinic in Singapore's commercial centre Raffles Place.
- 1988 : Moved into 'new territory', Marina Square, to serve three international hotels and a great shopping mall.
- 1990 : Appointed by the Civil Aviation Authority of Singapore to provide routine and emergency medical services at Singapore Changi Airport to airline staff, airport workers and the millions of travellers passing through the airport.
Established Raffles DentiCare.
- 1991 : Established Raffles Adult & Child Counselling Centre at Robin Drive.
- 1993 : Raffles SurgiCentre, which incorporated a 24-hour Emergency Care Centre and a multi-disciplinary specialist centre, opened in September as the first free standing day surgery centre in South-East Asia.
Total of 19 clinics opened, including the first clinic in a public housing estate at Bishan.
- 1994 : Caltex House clinic opened in the heart of the Central Business District, offering medical, dental, health screening and diagnostic services.
Integrated healthcare programme RafflesCare launched in response to the Government's call for alternative private health care initiatives to address rising medical cost.
- 1995 : Official opening of Raffles SurgiCentre by Minister without Portfolio, Mr Lim Boon Heng on 11th January.
Raffles International Medical Assistance established.
Established Raffles Medical Group (Hong Kong). First overseas clinic opened in December to provide medical, dental and health screening services.



- 1996 : 20th Anniversary Year
 - : Signed a Memorandum of Understanding to establish a joint venture with Kaiser Permanente, the world's largest health maintenance organisation to offer integrated care programmes in the Asia Pacific.
 - : Network of clinics expanded to 30.
 - : 20th Anniversary Dinner on 16th November with Minister for Health, Information and the Arts, BG (NS) George Yeo, as the Guest-of-Honour.
- 1997 : Launched initial public offering in April 1997 on the Stock Exchange of Singapore. Signed an agreement with Pidemco Land to jointly build a 380-bed hospital along North Bridge Road.
- 1998 : Appointed by the Hong Kong Airport Authority to operate all medical services at Chek Lap Kok Airport to provide routine and emergency medical services to airline and airport staff, and the 30 million passengers using the airport annually.
 - : Appointed by Exxon Chemical Singapore/Brown & Root Engineering and Construction to provide on-site medical services for the construction of Singapore's largest chemical plant on Jurong Island.
- 1999 : Entered into an affiliation agreement with New York's Memorial Sloan Kettering Cancer Center to provide advanced high quality cancer treatment and services at the new Raffles Hospital.
- 2000 : Admitted to the Main Board of the Singapore Exchange in July.
 - : Appointed by Ministry of Home Affairs to provide various medical services to the Singapore Police Force, Central Narcotics Bureau and Prisons Department for a five-year period.
 - : Entered into a strategic partnership agreement to invest and collaborate with Dr World Pte Ltd, a healthcare information technology company.
- 2001 : 25th Anniversary Year
 - : New logo unveiled with pledge to raise \$250,000 for charitable causes for the elderly, and to donate half a per cent of its annual profits to charity over the next five years.
 - : Raffles Hospital, the Group's flagship hospital opened on 31 March 2001.

Corporate Information

Board Audit Committee

Mr Tan Soo Nan (Chairman)
Dr Wilson Wong Fook Meng
Mr Lim Kong Eng

Board Nomination and Compensation Committee

Dr Loo Choon Yong (Chairman)
Mr Lim Kong Eng
Assoc. Professor Wee Beng Geok

Company Secretary

Mr Moiz A. Tyebally

Share Registrar

M & C Services Private Limited
138 Robinson Road #17-00
Hong Leong Centre
Singapore 068906

Registered / Corporate Office

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

Auditors

KPMG
Certified Public Accountants
(Partner-in-Charge: Ms Tan Hui Keng, Martha)
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Raffles Hospital Board of Directors

Dr Loo Choon Yong (Chairman)
Professor Walter Tan (Deputy Chairman)
Mr Lawrence Lim
Professor Edward Tock
Dr Alfred Loh
Dr Wilson Wong Fook Meng
Dr Yang Ching Yu
Mrs Hilda Yap
Dr Chen Ai Ju
Mr Lock Sai Hung

Raffles Hospital Medical Advisory Board

Professor Walter Tan (Chairman)
Professor Edward Tock
Mr Lawrence Lim
Dr J J Murugasu
Dr Yang Ching Yu

Dr Teo Sek Khee
Dr Thong Pao Wen
Dr Agnes Tay
Dr Yii Hee Seng
Dr Loo Choon Yong (Ex Officio)

Raffles Hospital Audit Committee

Professor Edward Tock (Co-Chairman)
Dr J J Murugasu (Co-Chairman)
Mr Lawrence Lim
Dr Yang Ching Yu
Dr Chan Chong Chee
Dr Agnes Tay
Dr Lee I-Wuen
Dr Tan Yew Ghee
Professor Walter Tan (Ex Officio)

Raffles Hospital Credentials Committee

Professor Edward Tock (Chairman)
Dr Khoo Chong Yew
Mr Lawrence Lim
Dr Alfred Loh
Dr Chen Ai Ju
Professor Walter Tan (Ex Officio)

Corporate Profile

Raffles Medical Group is one of Singapore's leading private integrated healthcare providers. We own Singapore's largest network of private clinics with more than 60 clinics distributed throughout the island as well as six clinics in Hong Kong and a representative office in Indonesia.

Collaborative teamwork has always been the basis and strength of the group practice model so successfully adopted by us. With the opening of Raffles Hospital on 31 March 2001, our services will be fully integrated to include: primary and tertiary healthcare services, and ancillary healthcare services such as health screening and diagnostics, international medical assistance and healthcare management consultancy.

Our hospital is located in the heart of the city. It combines the most appropriate medical skills and technology to ensure the best outcome for our patients in a hospital designed to holistically meet their needs in health care and service.

Chairman's Message

Dear Shareholders

The year 2000 will be remembered as a watershed year for Raffles Medical Group. Much of our energies were focused on the building and commissioning of our flagship hospital.

With the opening of Raffles Hospital, our business base is set to expand significantly as we develop our hospital into a regional centre of medical excellence. By the end of year 2000, we were at the threshold of a new era as the Group enters its 25th anniversary year.

Growth in Business

The Group's turnover for FY2000 increased 17.9% to \$62.8 million. Our operations in Singapore registered a growth of about 16.5% due mainly to the expansion of our team of consultant specialists, as well as the addition of several large corporate accounts.

Our operating profit after tax rose by 24% to \$5.3 million despite the start-up costs incurred for the building and commissioning of Raffles Hospital. The turnaround of our Hong Kong operations contributed to our growth in profits.

Rights Issue

In June 2000, we raised \$17 million in new capital through a rights issue priced at 20 cents a share on the basis of three shares for every ten existing shares. In the process, we created 89,219,999 new shares. We are using the money raised to equip Raffles Hospital with state-of-the-art medical technology, both hard and software.

Promising Prospects

Our strategy for growth is to continue to increase our patient base in Singapore and in the region where we have established our presence. We shall be opening more clinics, expanding existing services, adding more family physicians and consultant specialists to our multi-disciplinary group practice and increasing our corporate client contacts.

Raffles Hospital and its Specialist Centre started operations in March 2001 in a positive economic climate. With Singapore's positive economic growth, our business outlook should remain satisfactory. We are confident that in the near future, Raffles Hospital will contribute positively to our profits.



“ With the opening of Raffles Hospital, our business base is set to expand significantly as we set our target to develop our hospital into a regional centre of medical excellence. ”

Forging Ahead

We are upbeat about the potential for regional growth in demand for private specialist healthcare in Singapore. In March 2000, we obtained a licence to operate an Indonesian representative office in Jakarta to facilitate the referrals of patients to our Singapore operations. With the Indonesian patients returning to Singapore for treatment, we are optimistic of good growth prospects of this sector.

In Hong Kong, we have established a presence and we believe that its economic recovery will yield promising new business opportunities. We plan to expand our operations by offering a wider range of services, and also actively enlarge our patient base.

It is our belief that good medicine and good business practices are compatible. We are committed to our shareholders in building a strong and profitable business that provides quality medical care and service that meet the exacting needs of the patients of our times.

Our business and service philosophy is encapsulated in our seemingly simple motto "To Our Patients Our Best". Yet it has profound implications on the way we organise and conduct ourselves. You will read in our cover story how the building of Raffles Hospital is a physical and living manifestation of our motto of putting our patients' needs first and foremost in what we do. And it will remain the guiding principle in charting our growth in the next millennium.

It is with great excitement that the Group launches into our next phase of growth with our strongest and most dedicated team yet. I believe our unique group practice model puts us in good stead to achieve our vision of providing our patients the most appropriate and cost effective healthcare.

Community Service

At the start of 2001, our 25th anniversary year, we pledged to set aside half a percent of our annual profits for charitable causes for the next five years. This is in addition to the \$250,000 we plan to raise for elderly causes in our 25th anniversary donation drive.

Appreciation and Acknowledgements

I would like to acknowledge the contributions made by the management, medical, nursing and support staff during the year as we commissioned Raffles Hospital and prepared to move from Raffles SurgiCentre to our new home.

I would also like to thank Mr Lim Kong Eng, Dr Wilson Wong, Dr Yang Ching Yu and Dr Yii Hee Seng who will be retiring from the Board at the coming Annual General Meeting having served the Group since it went public in 1997. Their advice and guidance are much valued and sincerely appreciated. The three medical members retiring from the Board will continue to contribute to the Group in their capacities as Medical and Deputy Medical Directors in practice and management.

I also extend my heartiest welcome to our new Board Members – Mr Tan Soo Nan, Assoc. Professor Wee Beng Geok and Professor Lim Pin – who have given sound and wise counsel together with the rest of the board.

It has been a very challenging year. Our people have proved their mettle and an even greater sense of our shared values emerged as we worked towards a common goal. I see the spirit and the will in our people and I believe we will continue to uphold our mission: To Our Patients Our Best.



Dr Loo Choon Yong
Executive Chairman





Our Board of Directors

Seated Left to Right

- Professor Lim Pin
- Independent Director
 - Professor of Medicine, National University of Singapore
 - Senior Consultant Endocrinologist, National University Hospital
 - Chairman, Genetic Modification Advisory Committee
 - Chairman, Bioethics Advisory Committee
- Dr Loo Choon Yong
- Executive Chairman
 - President, Singapore Anti-Narcotics Association (SANA)
 - Council Member, National Council Against Drug Abuse
 - Member, Board of Trustees, Singapore Management University
- Assoc. Professor Wee Beng Geok
- Independent Director
 - Associate Professor, Division of Strategy, Management and Organisation, Nanyang Technological University

Standing Left to Right

- Mr Tan Soo Nan
- Independent Director
 - CEO, Temasek Capital (Pte) Ltd
 - Director, Temasek Capital (Pte) Ltd
- Dr Wilson Wong Fook Meng
- Executive Director
 - Consultant Family Physician
- Dr Yii Hee Seng
- Executive Director
 - Consultant Family Physician
- Mr Lim Kong Eng
- Independent Director
 - Former Chairman and Managing Director, Lim Kah Ngam Ltd
- Dr David McKinnon Lawrence
- Chairman, Kaiser Foundation Health Plan Inc and Kaiser Foundation Hospital, USA
 - Director, Agilent Technologies
 - Director, Pacific Gas and Electric Company, USA
 - Member, Rockefeller Foundation
- Dr Yang Ching Yu
- Executive Director
 - Consultant General and Colorectal Surgeon

Senior Management

Left to Right

Richard Loh
Director, Corporate Services

Moiz Tyebally
Director, Corporate Affairs and Company Secretary

Han Jok Kwang
Director, Information Technology

Dr Wilson Wong
Medical Director, Clinic Network Operations

Dr Loo Choon Yong
Executive Chairman

Professor Walter Tan
Medical Director, Raffles Hospital

Lawrence Lim
General Manager, Raffles Hospital

Hilda Yap
Director, Finance and Human Resources

Dr Yii Hee Seng
Deputy Medical Director, Clinic and Hong Kong Operations

Dr Yang Ching Yu
Deputy Medical Director, Raffles Hospital





Building a Hospital Around Our Patients

Where Patients' Needs Come First

The opening of Raffles Hospital in March 2001 completes the jigsaw of Raffles Medical Group's vision of offering our patients a holistic and coordinated approach to meeting their medical and health care needs.

A vision that took seed in 1996 to create a full service private hospital that combines the most appropriate medical skills and technology to ensure the best outcome for our patients.

A vision of a hospital that provides a beautiful sanctuary for healing – where medical treatment and expertise join hands with quality care and service – not only for our patients but their families and loved ones.

Full Complement of Specialties & Services

Our patients – be they individuals or staff of our corporate clients – come to us with a myriad of health-related needs. They are the cornerstone upon which we have built our hospital.

Raffles Hospital provides a comprehensive range of medical services. Under one roof are three pillars of our services: a 24 hour walk-in clinic and Accident & Emergency, Raffles Specialist Centre and in-patient facilities.

The in-patient facilities house wards for 380 beds, six specially equipped and appointed delivery suites, 12 operating theatres equipped with state-of-the-art equipment, a 20-bedded intensive care unit and a six-bedded neonatal intensive care unit. Equipped with state-of-the-art medical technology and systems, we also offer clinical support services such as radiology, clinical laboratory, pharmacy and physiotherapy.

Raffles Specialist Centre comprises multi-disciplinary specialist clinics – Internal Medicine, Surgery and Orthopaedics, Women's Centre, Children's Centre, Eye and ENT, and Dental Services – as well as two centres of excellence for the treatment of heart diseases and cancer.

We will launch Raffles Cancer Centre and Raffles Heart Centre in the second half of 2001 in collaboration with local and international centres of excellence. We will bring in experts, offer training and research opportunities, and share best practice in clinical treatment of diseases. These international exchanges will begin with the affiliation arrangement we have with New York's Memorial Sloan Kettering Cancer Center.

Working Together for Our Patients

Raffles Hospital's group practice model is based on staff and visiting doctors working as a team – pooling their knowledge, skills and expertise with supporting healthcare professionals – to ensure our patients receive the most appropriate treatment and care.

Our practice model has a unique place in the local private healthcare landscape. Fashioned after the system exemplified by the renowned Mayo Clinic in the US, it is based on findings that patients benefit from the level of diagnosis and treatment offered by collaborative medicine.

As the system of group practice allows for peer reviews and greater openness, we have the framework for structured quality assurance, medical teaching as well as research and development programmes to upgrade and expand clinical knowledge and skills. On this basis, we will establish Raffles Hospital as a centre for medical excellence.

A Comfortable Place Where Healing Begins

The physical space and operations of Raffles Hospital were planned with our patients' comfort and convenience in mind. All our rooms are designed and outfitted with hotel standards of comfort and furnishings. More than half of them are single-bedded and include VIP suites with adjoining living areas and bedrooms.

We have also streamlined our administrative processes to create as far as possible a convenient one-stop service for our patients. For example, in-patients need only to check into their wards where they could have their registration and admission done. From their wards, they can also check on their billing status and complete their discharge procedures.

Raffles Hospital has also set up an array of services to meet the special needs of our international patients. Our Patient Relations Officers can assist in arranging for a wide range of services including transport, accommodation, appointments, private nursing, home nursing services and the purchase of home nursing equipment.



The Raffles Picture Completes

The first new private hospital in ten years to make its debut in Singapore, Raffles Hospital is a hospital for the patients and the new millennium. It is also a significant milestone for Raffles Medical Group as it completes the broad continuum of care we can now offer.

As a fully integrated healthcare provider, our patients can move between different levels of care they require between the primary GP services provided through our local network of clinics and the specialist and in-patient services at Raffles Hospital.

With greater coordination and synergy of care, our patients will benefit from better clinical and cost outcomes. All of us at Raffles Medical Group will continue to give our patients our best.





Operations Review

Raffles Hospital Takes Shape

The building of Raffles Hospital gained momentum over the year in review. As the 13-storey state-of-the-art hospital building took shape in the heart of the city at North Bridge Road, the commissioning team reached critical strength and began in earnest preparations for its operations.

Key administrative and executive staff from the General Manager to divisional managers were appointed as commissioning activities went full steam ahead in the areas of licensing, staffing, equipment procurement, computerisation and organisational processes.

Raffles Hospital opened on 31 March 2001 as scheduled with 40 full-time consultant specialists to be scaled up to 70 by end 2001. In the run-up to its opening, consultant specialists in the fields of orthopaedics, general surgery and paediatrics were recruited.

Professor Walter Tan, formerly Professor of Surgery, National University of Singapore and concurrently Master of Academy of Medicine, Singapore, has also joined the Group as Medical Director of Raffles Hospital. He will lead the team of specialist consultants at the Hospital.

Healthy Demand for Dental Services

With a new dental specialist centre offering a full complement of all the major dental specialties planned for Raffles Hospital, we have recruited a prosthodontist, an orthodontist and an oral surgeon.

To cater to the strong demand for dental services, we also increased the number of dental chairs at our main branch clinic at Caltex House at Raffles Place, and extended the operating hours of our clinics in residential areas. We intend to open two new clinics to expand our network of dental clinics to eight in year 2001.

New Corporate Clients

Corporate clients continued to be the mainstay of our business: we now manage the employee healthcare needs of more than 4,000 corporate clients. Several new RafflesCare contracts were clinched in addition to a five-year contract with the Ministry of Home Affairs.

Various healthcare programmes were drawn up during the year to meet their specific needs, particularly in the areas of health-screening and pre-employment checks. To better serve our corporate clients, we re-organised our corporate services teams and re-engineered our customer feedback process.



Healthy Report on Singapore Clinic Operations

The number of patient visits made to our clinics during the year of review recorded a healthy increase compared with the previous year. With the robust demand for primary healthcare, we opened three new clinics in Singapore, bringing the total number of RMG clinics to 62.

We also increased the number of doctors and operating hours of our bustling regional clinics in Causeway Point, Bishan and Jurong East. Our doctor strength increased from 63 to 71 and the number of nurses and support staff from 146 to 212.

Stronger Presence in Hong Kong

Our corporate customer base expanded and the number of patient visits to our Hong Kong clinics increased as our presence is established and consolidated.

In December, we relocated our flagship clinic in Central to the ninth floor of Bank of America Building where we offer fully-integrated primary and specialist care services with full facilities including X-ray, ultrasound, treadmill, endoscopy, physiotherapy, day surgery and dental surgery. Visiting specialists service was also introduced to our new branch at Discovery Bay.

The number of patients at our branches in Chek Lap Kok and Cathay City saw healthy growth with a steady rise in the number of people working at the new airport. In the coming year, we will open clinic branches in selected residential areas and expand our services at our new Health Screening Centre.

Caring for the Less Fortunate

We adopted the St John's Home for the Aged in 1999/2000 and raised more than \$30,000 for the home. We also conducted free physiotherapy and nurse training workshops for their staff and patients.

Corporate Governance

The Board of Directors

This statement outlines the main corporate governance practices that were in place during the financial year ended 31 December 2000. The Directors and Management are committed to high standards of corporate governance and embrace the best practices contained in the Best Practices Guide issued by the Singapore Exchange.

The Board consists of four executive directors and five non-executive directors, four of whom are independent directors. They meet regularly throughout the year, normally three times. The Board directs Management with a view to optimising Group performance and to increase shareholder value by:

- Providing strategic direction and adopting a corporate strategy
- Identifying the principle risks of the Group's business
- Monitoring the conduct and performance of the Group
- Ensuring that appropriate procedures are in place so that the business of the Group is conducted in an honest, open and ethical manner

The Board has established an Audit Committee and a Nomination and Compensation Committee to assist in the execution of its responsibilities.

Audit Committee

The Audit Committee comprises two independent non-executive directors and one executive director. It is chaired by independent director Mr Tan Soo Nan. The Committee meets twice a year. The principal responsibility of the Committee is to assist the Board of Directors in the identification and monitoring of business risks including the following:

- Reviewing the effectiveness of the management of financial business risk and the reliability of management reporting
- Review significant transactions which are not a normal
- Review the appropriateness of the half year and full year
- Review the adequacy of the internal control systems
- Review related party transactions

Nomination and Compensation Committee

Specific functions of the Committee includes reviewing the scope of work of the external auditors, and receiving and considering the external auditors' management letter and the statutory audit report on the annual accounts of the Group and the Company. The Committee also recommends the appointment of the external auditors.

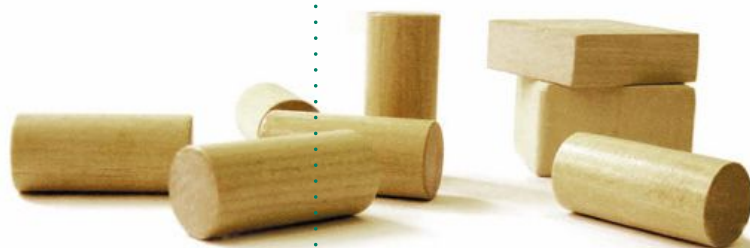
The Nomination and Compensation Committee comprises the Chairman of the Group, Dr Loo Choon Yong and Independent Directors Mr Lim Kong Eng and Assoc. Professor Wee Beng Geok. The Committee is responsible for the implementation and administration of the Employee Share Option Scheme as well as reviewing the appointment and compensation of senior management staff. Members of the Committee who are eligible are not involved in deliberations in respect to any options to be granted to them. The Chairman of the Group opted not to participate in the Employee Share Option Scheme.

Dealings in Securities

Following the introduction of the Best Practices Guide by the Singapore Exchange, the Company has issued a Policy on Share Dealings to key employees of the Company setting out the implications of insider trading and the recommendations of the Best Practices Guide. The Directors of the Company have adopted the Best Practices Guide with regards to dealing in the Company's shares.

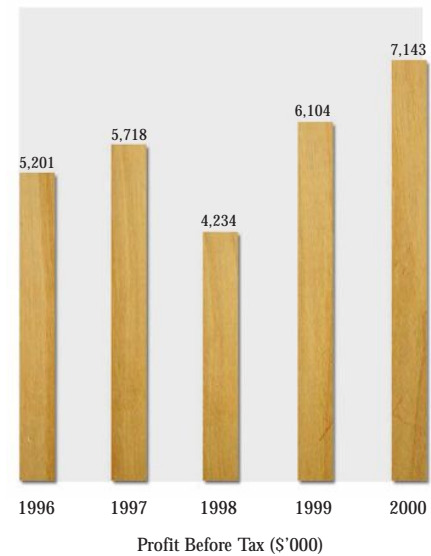
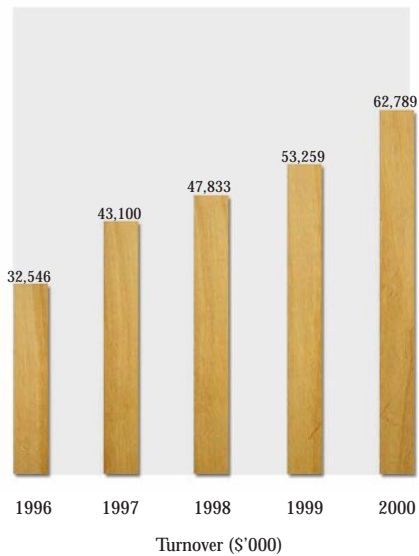
Going Concern

The Directors, having made appropriate enquiries, are satisfied that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.



Financial Highlights

Performance Indicators 1996 - 2000



Directors' Report

for the year ended 31 December 2000

Directors' Report

We, the undersigned directors, on behalf of all the directors of the Company, submit this annual report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2000.

Directors

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

Dr Loo Choon Yong
Dr David M. Lawrence
Mr Lim Kong Eng
Prof Lim Pin (appointed on 19/2/2001)
Mr Tan Soo Nam (appointed on 28/7/2000)
Dr Wee Beng Geok (appointed on 27/11/2000)
Dr Wong Fook Meng, Wilson
Dr Yang Ching Yu
Dr Yii Hee Seng

Principal Activities

The principal activities of the Company are those relating to the operation of medical clinics and other general medical services. The activities of the subsidiaries are stated in Note 4 to the financial statements. There have been no significant changes in such activities during the financial year.

Acquisitions and Disposals of Subsidiaries

During the financial year, the Company did not acquire or dispose of any subsidiaries.

Financial Results

Results of the Group and of the Company for the financial year are as follows:-

	The Group \$'000	The Company \$'000
Profit after taxation	5,306	3,678
Unappropriated profit brought forward	5,221	4,595
Profit available for appropriation	10,527	8,273
Additional final dividend paid in respect of:-		
1999 due to the rights issue of shares before books closure date	(531)	(531)
1999 due to the issue of shares under the Raffles Medical Group Employees' Share Option Scheme before books closure date	(2)	(2)
Proposed final dividend - 8% less tax at 24.5%	(2,335)	(2,335)
Unappropriated profit carried forward	7,659	5,405

Directors' Report (cont'd)

for the year ended 31 December 2000

Transfers to and from Reserves and Provisions

There were the following material transfers to reserves during the financial year:-

	The Group and The Company S'000
Share premium account:-	
Share premium arising from rights issue of ordinary shares, net of expenses	8,729
Share premium arising from issue of ordinary shares, upon the exercise of share options	154

Movements in provisions are as set out in the accompanying notes to the financial statements.

Issues of Shares and Debentures

During the financial year, the Company issued:-

- (i) 89,219,999 shares of \$0.10 each by way of rights issue ("Rights Issue") to members at \$0.20 for each rights share on a renounceable basis of 3 rights shares for every 10 ordinary shares held.
- (ii) 280,000 shares of \$0.10 each at \$0.65 per share upon the exercise of options under the Employees' Share Option Scheme.

Except as disclosed above, neither the Company nor its subsidiaries issued any other shares or debentures during the financial year.

Arrangements to Enable Directors to Acquire Shares and Debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than pursuant to the Raffles Medical Group Employees' Share Option Scheme introduced in 1997.

Directors' Interests in Shares or Debentures

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

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50, particulars of interests of directors who held office at the end of the financial year in shares and debentures in the Company and in a related corporation are as follows:-

Directors' Interests in Shares or Debentures (cont'd)

	Holdings in the name of the director, spouse or infant children		Other holdings in which the director is deemed to have an interest	
	At beginning of the year/ Date of appointment	At end of the year	At beginning of the year/ Date of appointment	At end of the year
The Company	Ordinary Shares of \$0.10 each			
Dr Loo Choon Yong	38,315,000	50,348,999	158,390,000	206,157,000
Dr David M. Lawrence	-	156,000	-	-
Mr Tan Soo Nam	-	30,000	-	-
Dr Wong Fook Meng, Wilson	1,599,000	2,041,500	-	-
Dr Yang Ching Yu	1,200,000	1,560,000	-	-
Dr Yii Hee Seng	1,285,000	1,877,000	-	-

The Company	Options to Subscribe for Ordinary Shares of \$0.10 each			
	At beginning of the year	At end of the year	Option Price Per Share	Date of Grant
Dr Wong Fook Meng, Wilson	200,000	239,200	\$0.54	18/5/1998
	-	299,000	\$0.57	9/3/2000
Dr Yang Ching Yu	200,000	239,200	\$0.54	18/5/1998
	-	299,000	\$0.57	9/3/2000
Dr Yii Hee Seng	200,000	239,200	\$0.54	18/5/1998
	-	299,000	\$0.57	9/3/2000

	Holdings in the name of the director, spouse or infant children		Other holdings in which the director is deemed to have an interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
Immediate Holding Company	Ordinary Shares of \$1.00 each			
Raffles Medical Holdings Pte Ltd				
Dr Loo Choon Yong	100,000	100,000	-	-

The options in the Company are exercisable during a period commencing 12 months from the Date of Grant of the options and expiring at the end of 60 months from the Date of Grant.

By virtue of Section 7 of the Companies Act, Chapter 50, 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.

There was no change in any of the abovementioned interests in the Company and related corporations between the end of the financial year and 21 January 2001.

Directors' Report (cont'd)

for the year ended 31 December 2000

Dividends

Since the end of the last financial year, the Company paid a net dividend of \$1,770,835 in respect of the previous year as proposed in the directors' report for that year. In addition, net dividends of \$531,751 and \$1,669 were paid to shareholders who subscribed to the rights issue and employees who exercised their rights comprised in the options prior to the books closure date for the payment of the 1999 final dividend respectively. The directors now recommend the payment of a first and final dividend of 8% less tax at 24.5% amounting to \$2,335,185 in respect of the financial year under review.

Other Statutory Information

(a) *Bad and Doubtful Debts*

Before the profit and loss account and the balance sheet of the Company were made out, the directors took reasonable steps to ascertain what action had been taken in relation to writing off bad debts and providing for doubtful debts of the Company. The directors have satisfied themselves that all known bad debts have been written off and that adequate provision has been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render any amounts written off for bad debts or provided for doubtful debts in the Group inadequate to any substantial extent.

(b) *Current Assets*

Before the profit and loss account and the balance sheet of the Company were made out, the directors took reasonable steps to ascertain that current assets of the Company which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values and that adequate provision has been made for the diminution in value of such current assets.

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report which would render the values attributable to current assets in the consolidated financial statements misleading.

(c) *Charges and Contingent Liabilities*

Since the end of the financial year:-

- no charge on the assets of the Company or any corporation in the Group has arisen which secures the liabilities of any other person; and
- no contingent liability of the Company or any corporation in the Group has arisen.

(d) *Ability to Meet Obligations*

No contingent liability or other liability of the Company or any corporation in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

(e) *Other Circumstances Affecting the Financial Statements*

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the consolidated financial statements or the financial statements of the Company misleading.

(f) *Unusual Items*

In the opinion of the directors, no item, transaction or event of a material and unusual nature has substantially affected the results of the operations of the Group or of the Company during the financial year.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Directors' Interests in Contracts

Except as disclosed in the accompanying 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

- (1) The Raffles Medical Group Employees' Share Option Scheme ("ESO Scheme") for the Company was approved by members of the Company at the Extraordinary General Meeting held on 29 October 1997. Details of the ESO Scheme were set out in the Directors' Report for the financial year ended 31 December 1998.
- (2) On 9 March 2000, additional options were granted pursuant to the ESO Scheme to subscribe for ordinary shares of \$0.10 each at an exercise price of \$0.68 as follows:-

	The Company
Executive Directors of the Company and the subsidiaries	1,150,000
Full-time employees	4,547,500
	<hr/> 5,697,500

- (3) Consequent to the Rights Issue on 7 June 2000, and pursuant to the terms and conditions of the ESO Scheme, options to subscribe for 1,463,400 additional shares were issued on the basis of 1.19618056 additional shares for each share under option. The subscription price for each new share was reduced by \$0.11 for each new share.
- (4) As at 31 December 2000, outstanding options to take up shares of \$0.10 each in the Company were as follows:-

Date of Grant	:	18 May 1998	9 March 2000
Exercise Price	:	\$0.65	\$0.68
Adjustment to Exercise Price Consequent to the Rights Issue	:	\$0.11	\$0.11
Adjusted Exercise Price	:	\$0.54	\$0.57
Expiry Date	:	17 May 2003	8 March 2005
Outstanding Options as at 1/1/2000 or Date of Grant	:	2,355,000	5,697,500
Adjustment to outstanding Options Consequent to the Rights Issue	:	395,400	1,068,000
No. of Options Exercised	:	280,000	-
No. of Options Cancelled	:	107,900	531,500
Outstanding Options as at 31/12/2000	:	2,362,500	6,234,000
- (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.

Directors' Report (cont'd)

for the year ended 31 December 2000

Share Options (cont'd)

Employees' Share Option Scheme

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

Name of participant	Options granted during the financial year under review	Aggregate options granted since commencement of Scheme to end of the financial year under review	Aggregate options exercised since commencement of Scheme to end of the financial year under review	Adjustment to outstanding options consequent to the Rights Issue	Aggregate options outstanding as at the end of the financial year under review
Executive Directors of the Company					
Dr Wong Fook Meng, Wilson	250,000	450,000	-	88,200	538,200
Dr Yang Ching Yu	250,000	450,000	-	88,200	538,200
Dr Yii Heng Seng	250,000	450,000	-	88,200	538,200
Total	750,000	1,350,000	-	264,600	1,614,600

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

- (a) Options are exercisable during a period commencing 12 months from the date of grant of the options and expiring at the end of 60 months from the date of grant.
- (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.
- (8) At the Extraordinary General Meeting held on 31 October 2000, the shareholders of the Company adopted the Raffles Medical Group (2000) Share Option Scheme ("2000 Scheme") for the Company. The existing ESO Scheme was concurrently terminated. The termination of the ESO Scheme will, however, not affect the subscription rights comprised in options granted pursuant to the ESO Scheme prior to the termination. Such options will continue to be exercisable in accordance with the rules of the ESO Scheme. However, no further options will be granted under the ESO Scheme.
- (9) Under the terms of the 2000 Scheme, the committee ("Committee") of directors administering the Scheme may make offers of the grant of options to eligible persons to subscribe for shares of \$0.10 each on the capital of the Company, subject inter alia to the following:-
 - (i) the maximum number of shares in respect of which options may be granted when added to the number of shares issued and issuable in respect of all options granted under the 2000 Scheme shall not exceed 15% of the total issued share capital of the Company on the day preceding the date of grant, and
 - (ii) The number of shares to be offered to an eligible person in accordance with the 2000 Scheme shall be determined at the discretion of the Committee who shall take into account criteria such as the rank, length of service and performance of the eligible person, and the performance of the Company provided that such number of shares to be offered shall not exceed the limits specified in the circulars to shareholders dated 3 October 2000.

Share Options (cont'd) Employees' Share Option Scheme

- (iii) Where an eligible person falls within more than one category of eligible persons, that eligible person shall, unless otherwise determined by the Committee, be deemed to fall only within that category of eligible persons for which the prescribed maximum entitlement of shares for each eligible person is the higher or highest.
- (10) Subject to any adjustment pursuant to any variation of the share capital of the Company, the subscription price for each share under the 2000 Scheme shall be:-
- (a) the average of the last dealt prices for the share, as determined by reference to the daily official list published by the Stock Exchange of Singapore for the 3 consecutive trading days immediately preceding the date of grant, 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,
- as the Committee may in its absolute discretion determine provided that the subscription price shall in no event be lower than the nominal value of each share.
- (11) Under the 2000 Scheme, an option may be exercised in whole or in part:-
- (a) 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
 - (b) 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.
- (12) The 2000 Scheme shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten years from 31 October 2000 provided always that the 2000 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.
- (13) The Committee, at the date of this report, administering the 2000 Scheme comprises the following directors :
- Dr Loo Choon Yong *
Mr Lim Kong Eng
Dr Wee Beng Geok
- (*Dr Loo Choon Yong is not participating in the 2000 Scheme)
- (14) Save as disclosed above, there were no unissued shares of the Company or its subsidiaries under option as at the end of the financial year.
- (15) 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)

for the year ended 31 December 2000

Audit Committee

The members of the Audit Committee at the date of this report are as follows:-

Mr Tan Soo Nam (Chairman)
Mr Lim Kong Eng
Dr Wong Fook Meng, Wilson

The financial statements, accounting policies and system of internal controls are the responsibility of the Board of Directors acting through the Audit Committee. The Audit Committee met during the year to review the scope of work of the statutory auditors, and the results arising therefrom, including their evaluation of the system of internal controls. The Audit Committee also reviewed the assistance given by the Company's officers to the auditors. The consolidated financial statements and the financial statements of the Company were reviewed by the Audit Committee prior to their submission to the directors of the Company for adoption.

The Audit Committee has recommended to the Board of Directors that the auditors, KPMG, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Auditors

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

On behalf of the Board of Directors

DR LOO CHOON YONG
Director

DR WONG FOOK MENG, WILSON
Director

5 April 2001
Singapore

Statement of Directors

for the year ended 31 December 2000

We, DR LOO CHOON YONG and DR WONG FOOK MENG, WILSON, being directors of Raffles Medical Group Ltd, do hereby state that in our opinion:-

- (a) the financial statements set out on pages 33 to 55 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 2000 and of the results of the business and changes in equity of the Group and of the Company and cash flows of the Group for the year ended on that date; and
- (b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

DR LOO CHOON YONG
Director

DR WONG FOOK MENG, WILSON
Director

5 April 2001
Singapore

Report of the Auditors to the Members of Raffles Medical Group Ltd

We have audited the financial statements of Raffles Medical Group Ltd (the "Company") and consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2000 as set out on pages 33 to 55. These financial statements are the responsibility of the Company's directors. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- (a) the financial statements and consolidated financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Statements of Accounting Standard and so as to give a true and fair view of:-
 - (i) the state of affairs of the Company and of the Group as at 31 December 2000 and of the results of the Company and of the Group and of the cash flows of the Group for the year ended on that date; and
 - (ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements and consolidated financial statements;
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries incorporated in Singapore have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports of Raffles Medical Group (Hong Kong) Limited and Coors Consultants Limited which have been audited by our associated firm, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of subsidiaries incorporated in Singapore did not include any comment made under Section 207(3) of the Act.

KPMG
Certified Public Accountants

5 April 2001
Singapore

Balance Sheet

as at 31 December 2000

	Note	The Group		The Company	
		2000	1999	2000	1999
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment	3	14,802	13,758	2,542	2,390
Investment in subsidiaries	4	-	-	62,287	62,287
Unquoted equity investment		700	-	700	-
Interests in joint venture companies	5	56,370	56,370	-	-
Deferred expenditure	6	1,160	1,229	-	-
		73,032	71,357	65,529	64,677
Current assets					
Investment in floating rate notes		3,000	-	3,000	-
Inventories		2,180	1,815	1,297	995
Trade and other receivables	7	11,489	14,244	14,313	17,211
Cash and cash equivalents	8	28,142	9,879	27,841	9,385
		44,811	25,938	46,451	27,591
Less:					
Current liabilities					
Bank overdraft (unsecured)	8	341	230	-	-
Trade and other payables	9	10,787	8,526	9,223	8,911
Deferred income	14	2,261	2,193	1,901	1,867
Interest bearing loans and borrowings (unsecured)	15	445	2,996	-	-
Provision for taxation		2,098	1,794	1,158	875
Provision for final dividend		2,335	1,771	2,335	1,771
		18,267	17,510	14,617	13,424
Net current assets		26,544	8,428	31,834	14,167
		99,576	79,785	97,363	78,844
Less:					
Non-current liability					
Deferred taxation		527	822	275	399
NET ASSETS		99,049	78,963	97,088	78,445
CAPITAL AND RESERVES					
Share capital	16	38,662	29,712	38,662	29,712
Reserves	17	60,387	49,251	58,426	48,733
		99,049	78,963	97,088	78,445

The notes set out on pages 39 to 55 form part of these financial statements

Profit and Loss Accounts

for the year ended 31 December 2000

	Note	The Group		The Company	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Revenue	18	62,789	53,259	39,321	33,222
Other income		510	59	1,235	784
Inventories and consumables used		(6,917)	(6,205)	(3,606)	(3,385)
Staff costs		(31,621)	(24,634)	(17,008)	(12,710)
Depreciation expenses	3	(1,467)	(1,308)	(609)	(554)
Amortisation expense	6	(47)	(37)	-	-
Other operating expenses		(15,964)	(14,346)	(14,408)	(12,431)
Profit from operations	19	7,283	6,788	4,925	4,926
Finance costs	20	(140)	(684)	-	(507)
Share of profit of a joint controlled entity		-	65	-	-
Profit from ordinary activities before taxation		7,143	6,169	4,925	4,419
Taxation	21	(1,837)	(1,890)	(1,247)	(1,208)
Net profit for the year		5,306	4,279	3,678	3,211
Earnings per share (cents)	22				
Basic		1.43	1.29		
Diluted		1.43	1.29		

The notes set out on pages 39 to 55 form part of these financial statements

Consolidated Statement of Changes in Equity

for the year ended 31 December 2000

The Group	Share capital \$'000	Share premium \$'000	Exchange translation reserve \$'000	Retained profit \$'000	Total \$'000
At 1 January 1999	26,950	19,148	(97)	2,715	48,716
Issue of 27,000,000 shares of \$0.10 each at a premium of \$0.93 per share	2,700	25,110	-	-	27,810
Issue of 620,000 shares of \$0.10 each at a premium of \$0.55 per share upon the exercise of options under the Raffles Medical Group Employees' Share Option Scheme	62	341	-	-	403
Issue expenses	-	(461)	-	-	(461)
Exchange differences on translation of financial statements of overseas subsidiaries	-	-	(11)	-	(11)
Net profit for the year	-	-	-	4,279	4,279
Net amount of additional dividend paid in respect of the previous year due to the issue of shares under share option scheme before books closure date	-	-	-	(2)	(2)
Final dividend - 8% less tax at 25.5%	-	-	-	(1,771)	(1,771)
At 31 December 1999	29,712	44,138	(108)	5,221	78,963
Issue of 89,219,999 shares of \$0.10 each at a premium of \$0.10 per share	8,922	8,922	-	-	17,844
Issue of 280,000 shares of \$0.10 each at a premium of \$0.55 per share upon the exercise of options under the Raffles Medical Group Employees' Share Option Scheme	28	154	-	-	182
Issue expenses	-	(193)	-	-	(193)
Exchange differences on translation of financial statements of overseas subsidiaries	-	-	(185)	-	(185)
Net profit for the year	-	-	-	5,306	5,306
Net amount of additional dividend paid in respect of the previous year due to the issue of shares under the allotment of right shares before books closure date	-	-	-	(531)	(531)
Net amount of additional dividend paid in respect of the previous year due to the issue of shares under share option scheme before books closure date	-	-	-	(2)	(2)
Proposed final dividend - 8% less tax at 24.5%	-	-	-	(2,335)	(2,335)
At 31 December 2000	38,662	53,021	(293)	7,659	99,049

The notes set out on pages 39 to 55 form part of these financial statements

Statement of Changes in Equity

for the year ended 31 December 2000

The Company	Share capital \$'000	Share premium \$'000	Retained profit \$'000	Total \$'000
At 1 January 1999	26,950	19,148	3,157	49,255
Issue of 27,000,000 shares of \$0.10 each at a premium of \$0.93 per share	2,700	25,110	-	27,810
Issue of 620,000 shares of \$0.10 each at a premium of \$0.55 per share upon the exercise of options under the Raffles Medical Group Employees' Share Option Scheme	62	341	-	403
Issue expenses	-	(461)	-	(461)
Net profit for the year	-	-	3,211	3,211
Net amount of additional dividend paid in respect of the previous year due to the issue of shares under share option scheme before book closure date	-	-	(2)	(2)
Final dividend - 8% less tax at 25.5%	-	-	(1,771)	(1,771)
At 31 December 1999	29,712	44,138	4,595	78,445
Issue of 89,219,999 shares of \$0.10 each at a premium of \$0.10 per share	8,922	8,922	-	17,844
Issue of 280,000 shares of \$0.10 each at a premium of \$0.55 per share upon the exercise of options under the Raffles Medical Group Employees' Share Option Scheme	28	154	-	182
Issue expenses	-	(193)	-	(193)
Net profit for the year	-	-	3,678	3,678
Net amount of additional dividend paid in respect of the previous year due to the issue of shares under the allotment of right shares before book closure date	-	-	(531)	(531)
Net amount of additional dividend paid in respect of the previous year due to the issue of shares under share option scheme before book closure date	-	-	(2)	(2)
Proposed final dividend - 8% less tax at 24.5%	-	-	(2,335)	(2,335)
At 31 December 2000	38,662	53,021	5,405	97,088

The notes set out on pages 39 to 55 form part of these financial statements

Consolidated Statement of Cash Flows

for the year ended 31 December 2000

	The Group	
	2000	1999
	\$'000	\$'000
Cash Flows from Operating Activities		
Profit before taxation	7,143	6,169
Adjustments for:-		
Interest expense	140	507
Amortisation of deferred expenditure	47	37
Pre-operating expenses written off	22	-
Provision for doubtful debts	371	477
Share of results in joint venture company	-	(65)
Depreciation of property, plant and equipment	1,467	1,308
Fixed assets written off	117	23
Deferred income recognised	(7,262)	(10,145)
Interest income from fixed deposits and floating rate notes	(510)	(59)
Operating profit/(loss) before changes in working capital	1,535	(1,748)
Changes in working capital:-		
Increase in inventories	(358)	(213)
(Increase)/Decrease in trade debtors	(1,943)	3,683
Increase in other debtors, deposits and prepayments	(333)	(296)
Decrease in amounts due from joint venture company (trade)	4,852	543
(Increase)/Decrease in amounts due from related parties, net (trade)	(121)	19
(Decrease)/Increase in trade creditors	(223)	478
Increase in other creditors and accruals	2,442	1,182
Cash generated from operations	5,851	3,648
Interest paid	(140)	(507)
Dividend paid	(2,304)	(1,595)
Income tax paid	(1,828)	(1,504)
Deferred income received	7,321	10,389
Net Cash generated from Operating Activities	8,900	10,431
Cash Flows from Investing Activities		
Unquoted equity investment	(700)	-
Purchase of fixed assets	(2,599)	(3,314)
Net Cash used in Investing Activities	(3,299)	(3,314)
Cash Flows from Financing Activities		
Investment in floating rate notes	(3,000)	-
Proceeds from issue of shares	17,833	27,752
Interest income received	480	50
Proceeds from term loan	-	2,996
Repayment of term loan	(2,765)	(20,000)
Advance to joint venture company	-	(109)
Net Cash generated from Financing Activities	12,548	10,689

Consolidated Statement of Cash Flows (cont'd)

for the year ended 31 December 2000

	Note	The Group 2000 \$'000	1999 \$'000
Net Increase in Cash and Cash Equivalents		18,149	17,806
Effect of Foreign Exchange Rate on Cash and Cash Equivalents		3	2
Cash and Cash Equivalents at beginning of the year		9,649	(8,159)
Cash and Cash Equivalents at end of the year	8	<u>27,801</u>	<u>9,649</u>

The notes set out on pages 39 to 55 form part of these financial statements

Notes to the Financial Statements

31 December 2000

These notes form an integral part of and should be read in conjunction with the accompanying balance sheets, profit and loss accounts, statements of changes in equity and consolidated statement of cash flows.

1. Principal Activities

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:-

Raffles Dental Surgery
Raffles Medihelp
Raffles Optica
Raffles Health Screeners
Raffles Pharmacare
Raffles Airport Medical Centre
Raffles Labs
Raffles Hospital
RafflesCare
Raffles Healthcare Consultancy

All transactions of these sole proprietorships are reflected in the financial statements of the Company. The activities of the subsidiaries are stated in Note 4 to the financial statements.

2. Summary of Significant Accounting Policies

Raffles Medical Group Ltd is a company incorporated in the Republic of Singapore with its registered office at 585 North Bridge Road #11-00 Raffles Hospital Singapore 188770. The consolidated financial statements of the Company for the year ended 31 December 2000 relate to the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in jointly controlled entities.

(a) *Statement of Compliance*

These financial statements have been prepared in accordance with the Singapore Statements of Accounting Standard issued by the Institute of Certified Public Accountants of Singapore and the disclosure requirements of the Singapore Companies Act, Chapter 50.

(b) *Basis of Financial Statements Preparation*

The financial statements, expressed in Singapore dollars rounded to the nearest thousand, are prepared on the historical cost basis modified by the revaluation of certain leasehold properties.

(c) *Basis of Consolidation*

- (i) The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of the financial year. For subsidiaries accounted for under the purchase method, the results of those subsidiaries acquired or disposed of during the financial year are included in or excluded from the consolidated financial statements from the effective date of acquisition or to the effective date of disposal. Any excess or deficit of the cost of investment over the fair value of net assets acquired is accounted for as goodwill on consolidation or capital reserve on consolidation. Goodwill on consolidation is written off against reserves. All intercompany transactions and balances are eliminated.
- (ii) The financial statements of foreign subsidiaries are translated into Singapore dollars at rates of exchange approximate to those ruling at the balance sheet date. Translation differences arising on consolidation are taken to the Exchange Translation Reserve.

(d) *Subsidiaries*

Investments in subsidiaries are stated at cost. Provision for diminution in value is made when in the opinion of the directors, there has been a decline, other than temporary, in the value of the investments.

Notes to the Financial Statements (cont'd)

31 December 2000

2. Summary of Significant Accounting Policies (cont'd)

(e) *Unquoted Equity Investment*

Unquoted equity investment are held for long-term and are stated at cost. Provision for diminution in value is made when in the opinion of the directors, there has been a decline, other than temporary, in the value of the investment.

(f) *Joint Venture Company*

A joint venture company is defined as a company, not being a subsidiary or associated company, in which the Company has a long-term interest of not more than 50% of the equity and has joint control in the company's financial and operating policies.

Investment in the joint venture company is stated at cost. Provision for diminution in value is made when in the opinion of the directors, there has been a decline, other than temporary, in the value of the investment.

The Group's share of the results of the joint venture companies is equity accounted for using the most recent available audited financial statements of the joint venture companies.

(g) *Property, Plant and Equipment*

Property, plant and equipment are stated at cost or valuation less accumulated depreciation. Revaluations are performed by independent registered valuers every 3 to 5 years to ensure that the carrying amount of the properties does not differ materially from that which would be determined using fair values at the balance sheet date. Property, plant and equipment are depreciated over their estimated useful lives as follows:-

Leasehold properties	-	50 years
Medical equipment	-	10 years
Furniture and fittings	-	10 years
Office equipment	-	10 years
Motor vehicles	-	10 years
Plant and equipment	-	10 years
Computers	-	3 years
Renovations	-	6 years

(h) *Revenue Recognition*

Revenue are recognised upon the provision of healthcare and diagnostic services.

(i) *Inventories*

Inventories, comprising mainly pharmaceutical and medical supplies, are stated at the lower of cost and net realisable value. Cost is determined by applying the first-in first-out basis.

(j) *Deferred Income*

Annual fees collected in advance under the Managed Care Program are deferred. Such fees are recognised as income in the Profit and Loss Account on a straight line basis over the contracted period.

(k) *Deferred Expenditure*

(i) *Assignment Fees*

Assignment fees represent amounts paid to secure the tenancy of certain clinic premises. Assignment fees are stated at cost and are amortised over a period of 30 years.

(ii) *Pre-Operating Expenses*

Pre-operating expenses are stated at cost and are amortised over a period of 10 years from commencement of business. During the current financial year, pre-operating expenses have been written off. There is no significant impact on the financial statements resulting from the write-off.

2. Summary of Significant Accounting Policies (cont'd)

(l) *Deferred Taxation*

Deferred taxation is provided using the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure, which are expected with reasonable probability to crystallise in the foreseeable future.

Deferred tax benefits are recognised in the financial statements only to the extent of any deferred tax liability or when such benefits are reasonably expected to be realisable in the near future.

(m) *Foreign Currency Translation*

Monetary assets and liabilities in foreign currencies are translated into Singapore dollars at rates of exchange closely approximate to those ruling at the balance sheet date. Transactions in foreign currencies are translated at rates ruling on transaction dates. Translation differences are included in the profit and loss account.

(n) *Segment Reporting*

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

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

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.

(i) *Business Segments*

The Group comprises the following main business segments:-

Healthcare : The operations of medical clinics and other general and specialised medical services and operation of a hospital.

Diagnostics : The business of medical laboratory and imaging centre.

(ii) *Geographical Segments*

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

Notes to the Financial Statements (cont'd)

31 December 2000

3. Property, Plant and Equipment

	At Valuation					At Cost				
	Leasehold properties \$'000	Leasehold properties \$'000	Medical equipment \$'000	Furniture and fittings \$'000	Office equipment \$'000	Motor vehicles \$'000	Plant and equipment \$'000	Computers \$'000	Renovations \$'000	Total \$'000
The Group 2000 Cost/Valuation										
At beginning of the year	4,820	4,249	4,738	1,635	702	401	441	1,191	2,467	20,644
Translation difference on consolidation	-	-	15	7	3	-	-	6	17	48
Additions	-	920	322	86	106	-	-	484	681	2,599
Disposals	-	-	(32)	(98)	(35)	-	-	(199)	(155)	(519)
At end of the year	<u>4,820</u>	<u>5,169</u>	<u>5,043</u>	<u>1,630</u>	<u>776</u>	<u>401</u>	<u>441</u>	<u>1,482</u>	<u>3,010</u>	<u>22,772</u>
Accumulated Depreciation										
At beginning of the year	338	86	2,614	800	311	67	286	923	1,461	6,886
Translation difference on consolidation	-	-	4	3	2	-	1	3	6	19
Depreciation charge for the year	152	41	452	161	73	40	44	206	298	1,467
Disposals	-	-	(22)	(58)	(25)	-	-	(198)	(99)	(402)
At end of the year	<u>490</u>	<u>127</u>	<u>3,048</u>	<u>906</u>	<u>361</u>	<u>107</u>	<u>331</u>	<u>934</u>	<u>1,666</u>	<u>7,970</u>
Depreciation Charge for 1999	<u>96</u>	<u>68</u>	<u>417</u>	<u>177</u>	<u>43</u>	<u>30</u>	<u>44</u>	<u>175</u>	<u>258</u>	<u>1,308</u>
Net Book Value										
As at 31 December 2000	<u>4,330</u>	<u>5,042</u>	<u>1,995</u>	<u>724</u>	<u>415</u>	<u>294</u>	<u>110</u>	<u>548</u>	<u>1,344</u>	<u>14,802</u>
As at 31 December 1999	<u>4,482</u>	<u>4,163</u>	<u>2,124</u>	<u>835</u>	<u>391</u>	<u>334</u>	<u>155</u>	<u>268</u>	<u>1,006</u>	<u>13,758</u>

3. Property, Plant and Equipment (cont'd)

	Medical equipment \$'000	Furniture and fittings \$'000	Office equipment \$'000	Motor vehicles \$'000	Computers \$'000	Renovations \$'000	Total \$'000
The Company 2000 Cost							
At beginning of the year	1,183	1,178	482	401	948	1,920	6,112
Additions	59	73	92	-	223	320	767
Disposals	(5)	(16)	(21)	-	(136)	-	(178)
At end of the year	<u>1,237</u>	<u>1,235</u>	<u>553</u>	<u>401</u>	<u>1,035</u>	<u>2,240</u>	<u>6,701</u>
Accumulated Depreciation							
At beginning of the year	800	594	249	66	751	1,262	3,722
Depreciation charge for the year	80	105	43	40	138	203	609
Disposals	(4)	(15)	(18)	-	(135)	-	(172)
At end of the year	<u>876</u>	<u>684</u>	<u>274</u>	<u>106</u>	<u>754</u>	<u>1,465</u>	<u>4,159</u>
Depreciation Charge for 1999	<u>72</u>	<u>98</u>	<u>37</u>	<u>29</u>	<u>137</u>	<u>181</u>	<u>554</u>
Net Book Value							
As at 31 December 2000	<u>361</u>	<u>551</u>	<u>279</u>	<u>295</u>	<u>281</u>	<u>775</u>	<u>2,542</u>
As at 31 December 1999	<u>383</u>	<u>584</u>	<u>233</u>	<u>335</u>	<u>197</u>	<u>658</u>	<u>2,390</u>

The leasehold properties of a subsidiary are stated at directors' valuation based on independent professional valuations carried out in May 1996 on the basis of an open market valuation.

Notes to the Financial Statements (cont'd)

31 December 2000

3. 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	The Group Net Book Value	
			2000 \$'000	1999 \$'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 1/2/1991	1,156	1,181
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	546	558
HDB shop unit, located at Blk 927 Yishun Central 1 #01-173 Singapore 760926, held for use as a primary healthcare clinic	76.0	99 years commencing from 1/9/1991	865	884
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 1/10/1993	1,820	1,860
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 1/4/1993	2,035	2,078
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 1/10/1992	1,269	1,296
HDB shop with living quarters located at Blk 479 Jurong West St 41 #01-266 Singapore 640479, held for use as a primary healthcare clinic	135.0	88 years commencing from 1/8/1995	678	691
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 1/7/1992	1,003	-
			<u>9,372</u>	<u>8,548</u>

4. Investment in Subsidiaries

	The Company	
	2000	1999
	\$'000	\$'000
(a) The interests in subsidiaries comprise:-		
Unquoted shares at cost	5,917	5,917
Amounts due from subsidiaries (mainly non-trade)	56,370	56,370
	<u>62,287</u>	<u>62,287</u>

The amounts due from the subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The management of the holding company involved does not intend for the amounts to be repaid within the next twelve months.

(b) Details of investments in shares of subsidiaries are as follows:-

Name of Company	Effective Equity Interest held by the Company		Cost of Investment	
	2000 %	1999 %	2000 \$'000	1999 \$'000
Raffles Hospital Pte Ltd (formerly known as Raffles SurgiCentre Pte Ltd)	100	100	2,257	2,257
Raffles Diagnostica Pte Ltd	100	100	1,733	1,733
Raffles Medical Properties Pte Ltd	100	100	1,227	1,227
Raffles International Medical Assistance Pte Ltd	100	100	200	200
Raffles Medical International Pte Ltd and its subsidiary:	100	100	500	500
- Raffles Medical Group (Hong Kong) Limited and its subsidiary:	100	100	-	-
- Coors Consultants Limited	100	100	-	-
Raffles Medical Management Pte Ltd	100	100	- *	- *
Raffles SurgiCentre Pte Ltd (formerly known as Raffles Hospital Pte Ltd)	100	100	- †	- †

* denotes \$3

† denotes \$2

The principal activities and place of business and country of incorporation of the subsidiaries are as follows:-

Name of Company	Principal Activities	Country of Incorporation/ Place of Business
Raffles Hospital Pte Ltd (formerly known as Raffles SurgiCentre Pte Ltd)	Provision of general and specialised medical services and operation of a hospital.	Singapore
Raffles Diagnostica Pte Ltd	Operation of imaging centre and medical laboratories.	Singapore
Raffles Medical Properties Pte Ltd	Investment holding company.	Singapore

Notes to the Financial Statements (cont'd)

31 December 2000

4. Investment in Subsidiaries (cont'd)

Name of Company	Principal Activities	Country of Incorporation/ Place of Business
Raffles International Medical Assistance Pte Ltd	Provision of medical evacuation and repatriation and provision of medical advisory services (currently dormant).	Singapore
Raffles Medical Management Pte Ltd	Provision of business management and consultancy services (currently dormant).	Singapore
Raffles Medical International Pte Ltd	Investment holding company.	Singapore
Raffles Medical Group (Hong Kong) Limited	Operation of medical clinics and provision of medical and dental treatment services.	Hong Kong
Coors Consultants Limited	Provision of management services to medical practitioners and the trading of medicine on an indent basis (currently dormant).	Hong Kong
Raffles SurgiCentre Pte Ltd (formerly known as Raffles Hospital Pte Ltd)	Provision of general and specialised medical services and operation of a hospital (currently dormant).	Singapore

5. Interests in Joint Venture Companies

	The Group	
	2000	1999
	\$'000	\$'000
Investment at cost:-		
Ordinary shares	4,800	4,800
Redeemable preference shares	51,570	51,570
	<u>56,370</u>	<u>56,370</u>

Details of the joint venture companies are as follows:-

Name of Joint Venture Company	Principal Activities	Place of Incorporation	Effective Equity held by the Group	
			2000	1999
Raffles Kaiser Permanente Healthcare Pte Ltd	Provision for healthcare consultancy services (currently dormant).	Singapore	50%	50%
Pidemco-Raffles Properties Pte Ltd	Acquisition and development of property into a medical centre and hospital.	Singapore	50%	50%

5. Interests in Joint Venture Companies (cont'd)

The details of the Company's 50% share of the joint venture companies' assets and liabilities are as follows:-

	The Group	
	2000	1999
	S'000	S'000
Property under development	94,619	74,878
Deferred expenditure	107	74
Current asset	204	256
Current liability	(9,839)	(7,655)
Non-current liability	(28,721)	(11,183)

The joint venture company, Raffles Kaiser Permanente Healthcare Pte Ltd, ceased operations during the last financial year and is currently dormant.

The results of the joint venture company, Pidemco-Raffles Properties Pte Ltd, has not been equity accounted as the joint venture company, incorporated on 30 September 1997, has not yet commenced operation.

6. Deferred Expenditure

	The Group	
	2000	1999
	S'000	S'000
Assignment fees	1,270	1,270
Less:		
Amortisation	(110)	(63)
	1,160	1,207
Pre-operating expenses	-	22
	1,160	1,229

7. Trade and Other Receivables

	Note	The Group		The Company	
		2000	1999	2000	1999
		S'000	S'000	S'000	S'000
Trade debtors	10	8,612	7,008	5,828	4,781
Other debtors, deposits and prepayments	11	2,712	2,340	1,640	1,526
Amounts due from:-					
Subsidiaries:					
- trade		-	-	233	233
- non-trade	13	-	-	6,565	10,627
Joint venture companies:					
- non-trade		-	4,852	-	-
Related parties:					
- trade		165	44	47	44
		11,489	14,244	14,313	17,211

Notes to the Financial Statements (cont'd)

31 December 2000

8. Cash and Cash Equivalents

	The Group		The Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Fixed deposit	27,200	8,900	27,200	8,900
Cash and bank balances	942	979	641	485
	<u>28,142</u>	<u>9,879</u>	<u>27,841</u>	<u>9,385</u>
Bank overdraft (unsecured)	(341)	(230)	-	-
Cash and cash equivalents in the statement of cash flows	<u>27,801</u>	<u>9,649</u>	<u>27,841</u>	<u>9,385</u>

9. Trade and Other Payables

	Note	The Group		The Company	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Trade creditors		4,046	4,262	2,311	2,133
Other creditors and accruals	12	6,741	4,264	4,000	2,540
Amounts due to subsidiaries:					
- trade		-	-	2,202	3,785
- non-trade	13	-	-	710	453
		<u>10,787</u>	<u>8,526</u>	<u>9,223</u>	<u>8,911</u>

10. Trade Debtors

	The Group		The Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Trade debtors	9,728	7,794	6,348	5,123
Less:				
Provision for doubtful debts:-				
Balance at beginning of the year	786	309	342	157
Provision made during the year	371	477	194	185
Write-off against provision	(41)	-	(16)	-
Balance at end of the year	<u>(1,116)</u>	<u>(786)</u>	<u>(520)</u>	<u>(342)</u>
	<u>8,612</u>	<u>7,008</u>	<u>5,828</u>	<u>4,781</u>

11. Other Debtors, Deposits and Prepayments

	The Group		The Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Deposits	1,194	1,343	473	704
Prepayments	322	211	188	168
Non-trade debtors	85	175	80	175
Club membership	68	68	68	68
Loans to directors (see note below)	80	120	80	120
Staff loan	963	423	751	291
	<u>2,712</u>	<u>2,340</u>	<u>1,640</u>	<u>1,526</u>

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.

12. Other Creditors and Accruals

	The Group		The Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Accrued operating expenses	6,407	3,626	3,993	2,426
Non-trade creditors	334	529	7	5
Purchase of fixed assets	-	109	-	109
	<u>6,741</u>	<u>4,264</u>	<u>4,000</u>	<u>2,540</u>

13. Amount Due from/(to) Subsidiaries (Non-Trade)

The amount due from/(to) subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

14. Deferred Income

	The Group		The Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Balance at beginning of the year	2,193	1,798	1,867	1,464
Amount received/receivable during the year	7,330	10,540	7,296	10,540
Amount recognised as income during the year	(7,262)	(10,145)	(7,262)	(10,137)
Balance at end of the year	<u>2,261</u>	<u>2,193</u>	<u>1,901</u>	<u>1,867</u>

15. Interest Bearing Loans and Borrowings (Unsecured)

	The Group	
	2000 \$'000	1999 \$'000
Repayable within 12 months	<u>445</u>	<u>2,996</u>

The bank term loan of an overseas subsidiary is guaranteed by the Company. The bank term loan bears interest at 2% above the relevant interbank offer rate.

Notes to the Financial Statements (cont'd)

31 December 2000

16. Share Capital

	No. of Shares '000	The Group and The Company		
		2000 \$'000	No. of Shares '000	1999 \$'000
Authorised:				
500,000,000 ordinary shares of \$0.10 each	500,000	50,000	500,000	50,000
Issued and Paid-up Capital:				
297,120,000 (1999: 269,500,000)				
ordinary shares of \$0.10 each fully paid	297,120	29,712	269,500	26,950
Issue of 89,219,999 (1999: 27,000,000)				
new shares of \$0.10 each at a premium				
of \$0.10 (1999: \$0.93) per share	89,220	8,922	27,000	2,700
Issue of 280,000 (1999: 620,000)				
new shares of \$0.10 each at a premium				
of \$0.55 (1999: \$0.55) per share upon				
the exercise of options under the				
Raffles Medical Group Employees'				
Share Option Scheme	280	28	620	62
	<u>386,620</u>	<u>38,662</u>	<u>297,120</u>	<u>29,712</u>

At the end of the financial year, unissued ordinary shares of \$0.10 each of the Company under options granted to eligible directors and employees under the Company's Employees' Share Option Scheme are as follows:-

- 2,362,500 (1999: 2,355,000) shares of \$0.10 each at \$0.54 (1999: \$0.65) per share exercisable between 18 May 1999 and 17 May 2003.
- 6,234,000 shares of \$0.10 each at \$0.57 per share exercisable between 9 March 2001 and 8 March 2005.

17. Reserves

	The Group		The Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Share premium	53,021	44,138	53,021	44,138
Exchange translation reserves	(293)	(108)	-	-
Retained profit	7,659	5,221	5,405	4,595
	<u>60,387</u>	<u>49,251</u>	<u>58,426</u>	<u>48,733</u>

The Group and Company

The application of the share premium account is governed by Sections 69-69F of the Singapore Companies Act, Chapter 50.

The exchange translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

17. Reserves (cont'd)

In accordance with SAS 1 (Revised 1999), movements in reserves for the Group and the Company are set out in the Consolidated Statement of Changes in Equity and the Statement of Changes in Equity respectively.

	The Group 2000 \$'000	1999 \$'000
Retained profit comprise of unappropriated profit retained in:		
The Company	5,436	4,595
Subsidiaries	2,657	1,030
Goodwill written off	(404)	(404)
	<u>7,689</u>	<u>5,221</u>

Goodwill written off relates to goodwill on consolidation arising from the acquisition of a subsidiary, Coors Consultants Limited, and goodwill arising from the acquisition of a medical practice, Dr Oram & Partners, in Hong Kong.

18. Revenue

Revenue for the Group represents fees invoiced and earned in respect of services provided to third parties, after eliminating inter-company transactions.

19. Profit from Operations

	Note	The Group 2000 \$'000	1999 \$'000	The Company 2000 \$'000	1999 \$'000
Profit from operations is arrived at:					
<i>After charging:</i>					
Auditors' remuneration payable to:-					
Auditors of the Company		53	50	28	28
Other auditors		24	13	-	-
Non-audit fees payable to auditors of the Company		18	14	5	5
Directors' remuneration payable to directors of the Company		2,550	2,328	2,550	1,179
Directors' fees		50	50	50	50
Bad debts written off		-	28	-	28
Pre-operating expenses written off		22	-	-	-
Property, plant and equipment written off		117	23	7	-
Provision for doubtful debts (trade)	10	371	477	194	185
Waiver of amount owing from Joint Venture Company		-	-	-	87
<i>And crediting:</i>					
Interest income from fixed deposits and floating rate notes		510	59	510	59
Deferred income recognised	14	7,262	10,145	7,262	10,137
Gain on exchange		1	4	-	-
Gross dividends from subsidiaries		-	-	725	725

Notes to the Financial Statements (cont'd)

31 December 2000

20. Finance Costs

	The Group		The Company	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Interest paid and payable on:-				
Bank loans	118	457	-	329
Bank overdrafts	22	227	-	178
	<u>140</u>	<u>684</u>	<u>-</u>	<u>507</u>

21. Taxation

	The Group		The Company	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Based on profit for the year:-				
Current taxation	2,004	1,930	1,318	1,181
Deferred taxation	(162)	(30)	(44)	27
	<u>1,842</u>	<u>1,900</u>	<u>1,274</u>	<u>1,208</u>
Under/(Over)provision in respect of prior year:-				
Current taxation	128	(10)	53	-
Deferred taxation	(133)	-	(80)	-
	<u>1,837</u>	<u>1,890</u>	<u>1,247</u>	<u>1,208</u>

In 2000, the tax charge for the Group is higher than that arrived at by applying the statutory income tax rate to the Group profit before tax due mainly because of certain expenses which are disallowed for tax purposes offset by utilisation of brought forward tax losses by an overseas subsidiary.

In 1999, the tax charge for the Group's is higher than that arrived at by applying the statutory income tax rate to the Group's profit before tax due mainly to losses incurred by an overseas subsidiary.

The tax charge for the Company is higher than that arrived at by applying the statutory income tax rate to the Company's profit before taxation mainly because of certain expenses which are disallowed for tax purposes.

As at 31 December 2000, the Group has unutilised tax losses amounting to approximately \$4,780,000 (1999: \$4,980,000) available for set off against future profits, subject to agreement by the tax authorities and compliance with tax regulations in the respective country in which the subsidiaries operate.

In accordance with the accounting policy set out in Note 2(l), deferred tax benefit arising from the above tax losses amounting to approximately \$559,000 (1999: \$662,000) have not been recognised.

22. Earnings Per Share

The basic earnings per share is based on consolidated profit after tax of \$5,306,000 (1999: \$4,279,000) and weighted average of 369,863,000 (1999: 330,932,000) shares.

When calculating the diluted earnings per share, the weighted average number of shares is adjusted for the effect of all dilutive potential shares. The adjusted weighted average number of shares is as follows:-

	2000 '000	1999 '000
Weighted average number of shares used in calculation of basic earnings per share	369,863	330,932
Weighted average number of shares under options	-	2,355
Weighted average number of shares under options that would have been issued at fair value	-	(1,930)
Weighted average number of shares used in calculation of diluted earnings per share	<u>369,863</u>	<u>331,357</u>

23. Related Parties Transactions

The Group and the Company entered into leases for some of the premises occupied for its business, with companies in which a director has substantial financial interests. The rental expenses paid were as follows:-

	The Group		The Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Rental expenses	<u>2,057</u>	<u>2,291</u>	<u>120</u>	<u>120</u>

24. Contingent Liabilities (Secured)

As at 31 December 2000, the Company has secured contingent liabilities for guarantees amounting to \$58,228,000 (1999: \$52,422,000) to banks in respect of credit facilities extended to its subsidiaries and a joint venture company.

25. Commitments

As at 31 December 2000, the Group had the following commitments:-

- (a) Capital commitment of \$5,806,659 (1999: \$Nil) for the purchase of furniture and equipment for the new Raffles Hospital.
- (b) Lease commitments under operating leases with a term of more than one year for the medical clinics and office premise are as follows:-

	The Group		The Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Payable:-				
Within 1 year	2,230	4,285	2,209	3,969
Within 2 to 5 years	<u>1,126</u>	<u>3,010</u>	<u>965</u>	<u>2,898</u>

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.

26. Holding Company

The immediate and ultimate holding company is Raffles Medical Holdings Pte Ltd, a company incorporated in the Republic of Singapore.

Notes to the Financial Statements (cont'd)

31 December 2000

27. Segment Reporting

(a) Business Segments

	Healthcare S'000	Diagnostic S'000	Eliminations S'000	Consolidated S'000
<i>Revenue and Expenses 2000</i>				
Total revenue from external customers	62,772	17	-	62,789
Inter-segment revenue	2,140	3,518	(5,658)	-
	64,912	3,535	(5,658)	62,789
Profit from operations	6,369	914	-	7,283
Finance costs				(140)
Taxation				(1,837)
Net profit for the year				5,306
Capital expenditure	2,496	103	-	2,599
Depreciation expense	1,426	41	-	1,467
Amortisation expense	47	-	-	47
Other non-cash expenses	488	-	-	488
<i>Revenue and Expenses 1999</i>				
Total revenue from external customers	53,239	20	-	53,259
Inter-segment revenue	1,648	3,271	(4,919)	-
	54,887	3,291	(4,919)	53,259
Profit from operations	5,902	886	-	6,788
Share of profit of a jointly controlled entity				65
Finance costs				(684)
Taxation				(1,890)
Net profit for the year				4,279
Capital expenditure	3,377	46	-	3,423
Depreciation expense	1,279	29	-	1,308
Amortisation expense	37	-	-	37
Other non-cash expenses	500	-	-	500

27. Segment Reporting (cont'd)

(a) Business Segments (cont'd)

	Healthcare \$'000	Diagnostic \$'000	Eliminations \$'000	Consolidated \$'000
<i>Assets and Liabilities</i>				
<i>2000</i>				
Segment assets	56,830	4,643	-	61,473
Investment in jointly controlled entity	56,370			56,370
Total assets				117,843
Segment liabilities	18,107	687	-	18,794
Total liabilities				18,794
<i>1999</i>				
Segment assets	36,819	4,106	-	40,925
Investment in jointly controlled entity	56,370			56,370
Total assets				97,295
Segment liabilities	17,631	701	-	18,332
Total liabilities				18,332

(b) Geographical Segments

	Singapore \$'000	HongKong \$'000	Consolidated \$'000
<i>2000</i>			
Total revenue from external customers	55,620	7,169	62,789
Segment assets	56,993	2,620	59,613
Capital expenditure	2,050	549	2,599
<i>1999</i>			
Total revenue from external customers	47,727	5,532	53,259
Segment assets	38,066	1,630	39,696
Capital expenditure	3,156	267	3,423

28. Subsequent Event

On 26 March 2001, pursuant to the Group restructuring, the Company's subsidiaries, Raffles SurgiCentre Pte Ltd and Raffles Hospital Pte Ltd were renamed Raffles Hospital Pte Ltd and Raffles SurgiCentre Pte Ltd respectively.

29. Comparative Figures

The presentation and classification of items in the financial statements have been changed due to the adoption of the requirements of SAS 1 (Revised 1999) "Presentation of financial statements" and SAS 23 "Segment Reporting". As a result, additional line items have been included on the face of the balance sheets and profit and loss accounts, and statements of changes in equity have been presented as required by SAS 1 (Revised 1999). Segment information has also been analysed to include additional information on segment liabilities. Comparative figures have been adjusted to conform with the current year's presentation.

Additional Information

31 December 2000

1. Directors' Remuneration

The following information relates to remuneration of directors of Raffles Medical Group Ltd:-

	Number of Directors	
	2000	1999
Remuneration Bands		
\$500,000 and above	2	2
\$250,000 - \$499,999	-	-
Below \$250,000	6	5
	<u>8</u>	<u>7</u>

2. Number of Employees

The number of employees in the Group and the Company at 31 December 2000 were 737 (1999: 538) and 470 (1999: 358) respectively.

Shareholdings Statistics

As at 10 April 2001

Share Capital

Authorized Share Capital	:	\$50,000,000
Issued and Fully Paid-up Capital	:	\$38,619,999
Class of Shares	:	Ordinary shares of \$0.10 each fully paid
Voting Rights	:	One vote per share

Analysis of Shareholdings

Range of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 1,000	1,530	16.37	1,518,810	0.39
1,001 - 10,000	6,232	66.66	26,855,840	6.95
10,001 - 1,000,000	1,572	16.81	52,682,450	13.63
1,000,001 and above	15	0.16	305,562,899	79.03
	<u>9,349</u>	<u>100.00</u>	<u>386,619,999</u>	<u>100.00</u>

Substantial Shareholders

	Direct Interest as at 10 April 2001	Percentage of Issued Shares	Deemed Interest as at 10 April 2001	Percentage of Issued Shares
Dr Loo Choon Yong	50,348,999	13.03	206,157,000	53.38
Raffles Medical Holdings Pte Ltd	205,907,000	53.32	-	-

Major Shareholders List

S/no.	Name	Number of shares held	%
1	Raffles Medical Holdings Pte Ltd	125,907,000	32.57
2	Overseas Union Bank Nominees Pte Ltd	83,639,700	21.63
3	Loo Choon Yong	37,511,206	9.70
4	DBS Nominees Pte Ltd	23,988,193	6.20
5	United Overseas Bank Nominees Pte Ltd	11,370,500	2.94
6	HSBC (Singapore) Nominees Pte Ltd	8,098,200	2.09
7	Oversea Chinese Bank Nominees Pte Ltd	4,004,000	1.04
8	Keppel Bank Nominees Pte Ltd	1,815,600	0.47
9	Yii Hee Seng	1,688,000	0.44
10	Yang Ching Yu	1,560,000	0.40
11	Goh Ah Hoe	1,450,000	0.38
12	Shek Chee Keong	1,241,000	0.32
13	Kwok Wai Ling	1,192,000	0.31
14	Teh Lim Song	1,095,000	0.28
15	G K Goh Stockbrokers Pte Ltd	1,002,500	0.26
16	Hong Leong Finance Nominees Pte Ltd	973,300	0.25
17	Chua Che Hoo	650,000	0.17
18	Chin Chai Development Pte Ltd	645,000	0.17
19	Citibank Consumer Nominees Pte Ltd	630,300	0.16
20	UOB Kay Hian Pte Ltd	620,144	0.16
		<u>309,081,643</u>	<u>79.94</u>

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 12th Annual General Meeting of the Company will be held at the Board Room of the Company at 585 North Bridge Road, #11-00 Raffles Hospital, Singapore 188770 on Wednesday, 30 May 2001 at 3.00pm to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Accounts and the Auditors' Report thereon for the year ended 31 December 2000. (Resolution 1)
2. To approve the payment of a first and final dividend of 8% less tax for the year ended 31 December 2000. (Resolution 2)
3. To approve Directors' fees for the year ended 31 December 2000. (Resolution 3)
4. To re-elect the following Director who is retiring under Article 97 of the Articles of Association of the Company:
 - 4.1 Dr David Mckinnon Lawrence (Resolution 4)
5. To re-elect the following Directors under Article 96 of the Articles of Association of the Company:
 - 5.1 Dr Wee Beng Geok (Resolution 5)
 - 5.2 Prof Lim Pin (Resolution 6)
 - 5.3 Mr Tan Soo Nan (Resolution 7)
subject to his appointment, Mr Tan who is an Independent Director pursuant to Clause 9B02 (2) of the Listing Manual of the Stock Exchange of Singapore, will be re-appointed as Chairman of the Audit Committee.
6. To re-appoint KPMG as Auditors and authorised Directors to fix their remuneration. (Resolution 8)

AS SPECIAL BUSINESS

7. To consider and, if thought fit, pass the following as an Ordinary Resolution:
 - 7.1 "That the Directors be and hereby authorised pursuant to the provisions of Section 161 of the Companies Act, Cap. 50 to allot and issue such of the unissued shares of the Company on such terms and conditions and with such rights or restrictions as they may deem fit PROVIDED ALWAYS THAT the aggregate number of shares to be issued pursuant to this Resolution does not exceed fifty per cent (50%) of the issued share capital of the Company, of which the aggregate number of shares issued other than on a pro-rata basis to the existing shareholders does not exceed twenty per cent (20%) of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier and PROVIDED FURTHER THAT where shares are to be issued pursuant to the authority granted under this Resolution for the purpose of issuing shares for placing for cash, the aggregate number of shares to be so issued, when added to the number of shares previously issued for placing for cash over the past 12 months must not exceed 20% of the issued share capital of the Company before such issue." (Resolution 9)
 - 7.2 That 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 (2000) 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 percent of the total issued share capital of the Company from time to time. (Resolution 10)
8. To transact any other business which may be properly transacted at an Annual General Meeting.

NOTICE IS ALSO HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed on 8 June 2001, for the preparation of dividend warrants. Duly completed transfers received by the Company's Register, M&C Services Private Limited, 138 Robinson Road, #17-00 Hong Leong Centre, Singapore 068906, up to the close of the business at 5.00 p.m. on 7 June 2001 will be registered to determine shareholders' entitlement to the proposed dividend. The proposed first and final dividend if approved at the Annual General Meeting will be paid on 19 June 2001.

BY ORDER OF THE BOARD

Moiz Tyebally
Company Secretary
Singapore, 4 May 2001

Proxy Form

I/We _____
of _____
being a member/member of the abovementioned Company hereby appoint

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

Add/or (delete as appropriate)

--	--	--	--

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 Wednesday, 30 May 2001 at 3.00pm and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish to vote (s) to be cast for or against the Ordinary Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matters arising at the Annual General Meeting.)

No.	ORDINARY RESOLUTION	FOR	AGAINST
1	Adoption of Report and Accounts (Resolution 1)		
2	Declaration of Dividend (Resolution 2)		
3	Approval of Directors' Fee (Resolution 3)		
4	Re-election of the following Director in accordance with Article 97 of the Articles of Association of Company		
	4.1 Dr David Mckinnon Lawrence (Resolution 4)		
5	Re-election of the following Directors appointed during the year		
	5.1 Dr Wee Beng Geok (Resolution 5)		
	5.2 Mr Tan Soo Nan (Resolution 6)		
	5.3 Prof Lim Pin (Resolution 7)		
6	Re-appointment of KPMG as Auditors (Resolution 8)		
7	Authority to issue shares up to 50% of issued capital (Resolution 9)		
8	Authority to offer and grant options (Resolution 10)		

Dated this _____ day of _____ 2001

Signature(s) of Member(s) or Common seal

Total Number of Shares Held

--

Please
Affix
Stamp
here

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

2ND FOLD HERE

NOTES TO PROXY FORM:

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, #11-00 Raffles Hospital, Singapore 188770, not later than 48 hours before the time appointed for the Annual General Meeting.

A corporation which is a member may authorise by a resolution of its directors or other governing body such person as it thinks fit to act as its representative at the 12th Annual General Meeting, in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore.

3rd FOLD HERE

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, Cap. 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members.

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.

Raffles Hospital

585 North Bridge Road Singapore 188770	
Main	311 1111
Admission/Business Office	311 1888
24 Hour Walk-In Clinic	
Accident & Emergency	311 1555
Raffles Health Screeners	311 1260
Physiotherapy Centre	311 2350
Raffles PharmaCare	311 1103
Raffles Diagnostica	
• Clinical Laboratory	311 1760
• Radiology	311 1290
Raffles Specialist Centre	
Specialist Appointments Hotline	311 1222
Children's Clinic	311 1270
Eye & ENT Centre	311 1220
Internal Medicine Centre	311 1200
Surgery & Orthopaedics Centre	311 1140
Women's Centre	311 1230

Singapore Clinics

Adult & Child Counselling Centre	738 3533
Alexandra	479 3818
Ang Mo Kio	453 2288
Anson	225 2188
Bedok	441 1736
Bishan	456 7122
Cecil Street	223 1188
Choa Chu Kang	767 8377
Clementi	872 9043
Comcentre	733 7300
Far East Square	532 7667
Grand Plaza	333 0551
Great World City	235 5090
Hougang 501	388 0088
Hougang Central	386 7896
Jurong East	899 6688
Jurong West	896 1221

Pasir Ris	585 3333
Marina Square	339 6644
Marsiling	363 9000
Millenia Walk	337 6000
Orchard	734 7355
Paya Lebar	841 2007
Philips Jurong	663 6359
Philips Toa Payoh	350 2419
Raffles Airport Medical Centre	
Airport Passenger Terminal Two	543 1118
Airport Transit One	543 1113
Airport Transit Two	543 1113
Changi Cargo Complex	543 1038
Raffles Place	535 2222
Raffles Hospital	311 1555
24 Hour Walk-In Clinic	
Robinson Road	323 5212
Siglap	442 0488
SPH Jurong	660 6692
SPH Times House	730 5716
Suntec City	334 7667
Tampines Central	788 6833
Tampines Junction	788 2222
Toa Payoh	254 7667
Woodlands	894 0777
Yishun	755 0049

Hong Kong Clinics

Main Medical Centre	
Bank of America Tower 9th Floor Central	(852) 2525 1730
Hong Kong International Airport Passenger Terminal Building	
(Landside Clinic)	(852) 2261 2626
(Airside Clinic)	(852) 2261 0606
Discovery Bay	(852) 2987 0200
Gold Coast	(852) 2457 7889
Singapore International School	(852) 2870 1900

