RafflesMedicalGroup

Annual Report 2009

Compassion and Excellence

Vision

We aspire to be your lifetime healthcare partner

Core Values

COMPASSION

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

COMMITMENT

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

EXCELLENCE

We will continually seek advancement and innovation to achieve better healthcare

TEAM-BASED CARE

We dedicate and combine our skills, knowledge and experience for your benefit

VALUE

We seek always to create value for you

CONTENTS

On Cover › Ophthalmologist Dr Lee Jong Jian with two of his young patients.

From left to right › Enrolled Nurse Caroline Aizawa, Family Physician Dr Kwee Lee Fung, Obstetrician & Gynaecologist Dr Jazlan Joosoph, Nephrologist Dr Ekachai Danpanich and Radiographer Elvinia Tay.

Compassion and excellence – the cornerstones of our success as a reputable, world-class healthcare organisation.

In a year of trying conditions – with the global economic downturn and the H1N1 pandemic – the premium we put on compassion and excellence was exemplified in our daily work.

It is, after all, through these virtues that we achieve our goals and exceed expectations.

We applaud all the individuals who demonstrated compassion and excellence with strong fervour – our people who continue to further Raffles Medical Group's founding vision.

About RafflesMedicalGroup

Founded in 1976, Raffles Medical Group (RMG) has grown to become one of the largest integrated healthcare organisations in Singapore and the region. Through its multidisciplinary team of doctors, nurses, allied health workers and healthcare managers, the Group provides seamless, integrated care to its patients, from treating basic medical problems to managing chronic conditions and severe illnesses requiring specialist treatment and complex surgery.



OUR OPERATING PHILOSOPHY

We adhere to the Group Practice Model, a mode of physician practice adopted by internationally renowned medical institutions like the Mayo Clinic, the Cleveland Clinic and the Memorial Sloan Kettering Cancer Centre in the United States. Group Practice harnesses the different strengths of the team to care for the patient.

Specialists come together in multi-disciplinary teams to ensure that each patient receives coordinated, quality and affordable care. With this model, there is better deployment of individual talents and the team pools its expertise to diagnose and treat illnesses quickly, efficiently and accurately.

OUR PRESENCE

Our flagship facility is the Raffles Hospital, a tertiary hospital located in the heart of the city, where we offer a comprehensive suite of specialist and emergency services harnessing advanced medical technology for the benefit of our patients.

We also operate a large network of multidisciplinary clinics in Singapore and Hong Kong. RMG is also the medical provider in Singapore's Changi International Airport and Hong Kong's Chek Lap Kok International Airport.

OUR WELLNESS SERVICES

Beyond curative medical services, we also offer wellness services through Raffles Health Screeners, Raffles Aesthetics, Raffles Dental and Raffles Chinese Medicine centres.

In addition to our medical services, Raffles Medical Group offers insurance and consumer healthcare. The consumer healthcare arm, Raffles Health, develops and distributes nutraceutical products in Singapore and the region. International Medical Insurers (IMI) is a specialist in healthcare financing, providing healthcare financing programmes and advisory services for both individuals and groups.

2009 PERFORMANCE AT A GLANCE

↑20.1%

Profit after tax grew **20.1%** to **S$38.0 million**

↑16.6%

Operating profit grew by **16.6%** to **S$45.5 million**

↑8.9%

Group achieved **8.9%** growth in revenue to **S$218.6 million**

↑10.2%

Revenue from Healthcare Services Division grew **10.2%**

↑7.9%

Revenue from Hospital Services Division increased by **7.9%**

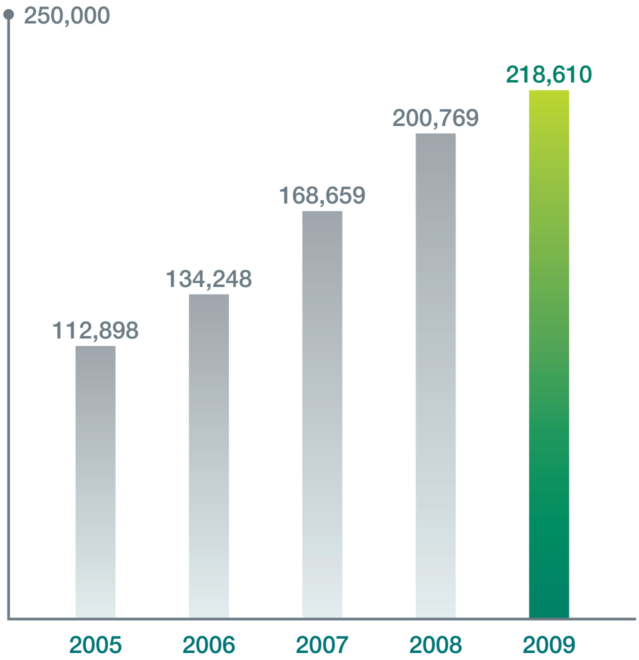
FINANCIAL SUMMARY

	2005 $'000	2006 $'000	2007 $'000	2008 $'000	2009 $'000
Revenue	112,898	134,248	168,659	200,769	**218,610**
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	17,176	21,873	31,749*	45,385	**52,220**
Operating Profit	13,502	19,210	28,216	38,973	**45,457**
Profit Before Tax	14,796	20,044	28,922*	38,350	**44,447***
Profit After Tax	12,038	15,767	23,424*	31,660	**37,433***
Diluted Earnings per Share (cents)	2.69#	3.44#	4.71*	6.02	**7.11***
Net Asset Value per Share (cents)	24.41#	24.87#	38.98	42.87	**48.04**
Return on Equity (%)	11.1	13.9	11.6*	14.2	**14.9***

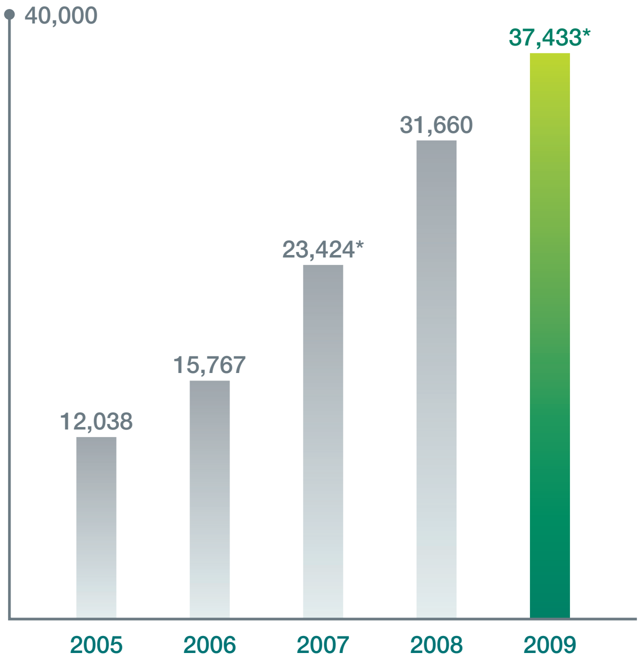
* *Excluding fair value gain for an investment property amounting to S$12.5 million in 2007 and S$0.6 million in 2009.*

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

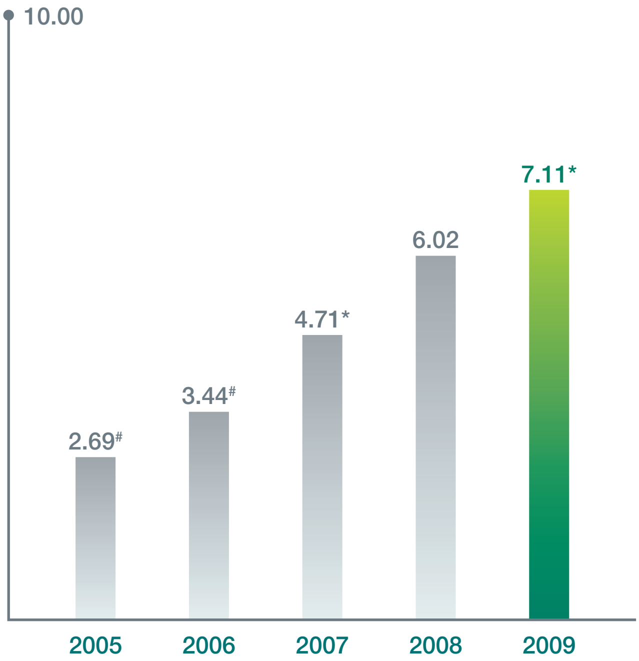
GROUP REVENUE
(S$'000)



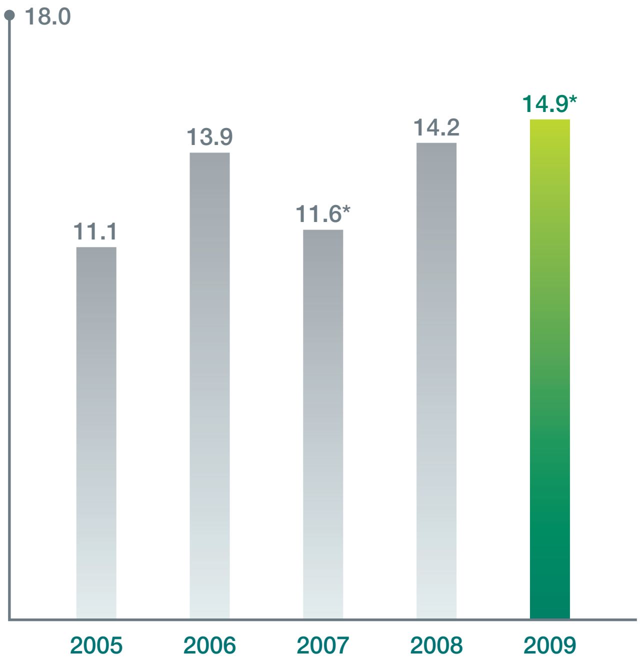
GROUP PROFIT AFTER TAX
(S$'000)



EARNINGS PER SHARE
(cents)



RETURN ON EQUITY
(%)



* *Excluding fair value gain for an investment property amounting to S$12.5 million in 2007 and S$0.6 million in 2009.*

In **our hearts**,
a deep **commitment** resides.

› Raffles International Patient Centre's Executive, Vicky Teo (far left), bidding farewell to her patients.

Every day we accept the challenge of caring for thousands of people, and doing so in the most personalised way. **GOING BEYOND** the call of duty, our attention to the smallest detail, makes us different.

In **our minds**,
a constant **pursuit** of excellence dwells.

From left to right › Family Physician Dr Choo Dee Pheng, Colorectal and General Surgeon Dr Wong Kutt Sing and Principal Radiographer Santosh Kumar examining the scan of a patient.

We constantly seek out the best practices and advancements in technology so as to offer the best care when patients consult us. This enthusiasm stems from a desire to excel, allowing us to **COME THROUGH** during our patients' hour of need.

In **our eyes**, a strong **passion** for life radiates.

› Dermatologist A/Prof Wong Soon Tee (left) examining the face of his patient.

We answer the call of duty with great enthusiasm and an unmistakable intensity and purpose. Guided by medical leadership and time honoured ethics, we **RISE ABOVE** everything to give our patients hope and a new lease of life.

In **our hands**,
the **dedication** to touch lives exists.

› Neonatologist and Paediatrician Dr Veronica Toh (far right) attending to her young patient and companion.

Stemming from a desire to comfort and alleviate the suffering of our patients, we are able to identify and understand their concerns. This gives us the strength to explore ways to touch their lives and **TRIUMPH OVER** all difficulties.

Dear Shareholders,

2009 was a difficult and challenging year for most companies as the Singapore economy went into recession. The liquidity squeeze affected companies with weaker balance sheets. Job losses added to the hardship of many families. Fortunately, wider tragedy was avoided as the result of a timely government stimulus package of job credits, government loan schemes, enhanced workfare and liberal training grants. Simultaneous economic stimuli and bank bailouts by other governments around the world resulted in the stabilisation of the international financial markets and the quick recovery of the world economy. Although sentiments have improved and green shoots are appearing, the global economy is still fragile and uncertainties still abound.

FINANCIAL PERFORMANCE

Against this backdrop, your Group has performed well. Revenue grew 8.9% to $218.6 million and profit after tax grew 20.1% to $38.0 million. Most parts of the Group registered growth in both revenue and profits. Foreign patient visits continue to grow. The operating efficiencies at Raffles Hospital continue to rise. More consultant specialists and family physicians joined the Group and more clinics were opened.

QUALITY OF CARE

2009 marks the return on our investments in quality programmes and service standards. Raffles Hospital achieved the prestigious American JCI accreditation in one go in January 2009. This achievement eloquently underscores the Group's total commitment to the quality of care we deliver to all our patients.

QUALITY OF SERVICE

The excellent service standards set by our physicians, nurses and support staff were recognised when we topped the results of the Customer Service Index of Singapore (CSISG) for the healthcare sector released in 2009. Even as we are recognised for our high service standards, we need to continuously strive for even higher standards to keep our colours flying.

GROWING BRAND EQUITY

Last year your Group was also chosen by Superbrands as the top healthcare brand in Singapore and the region. Such a recognition serves as a great encouragement to all our staff to continue using their gifts, talents, experience and learnings for the benefit of all our patients.

UNIQUE GROUP PRACTICE

Raffles is unique in that we are a group practice of 200 multispecialty physicians working together to provide high quality, team-based care to our patients. The medical governance, the peer review and medical audit framework is only possible with such a group practice. Professional discipline is maintained. The Board of Directors provide strategic leadership and directions. Together with strict financial stewardship and execution excellence by the management team, Raffles has been able to achieve excellent financial performance whilst maintaining the highest standards of professional practice.

APPRECIATION

Every day, some 3,600 patients are served through all the Group's clinics, medical centres and Raffles Hospital. They individually judge whether we are providing compassionate and quality care and whether our service level is within their expectations. Their continued patronage is strong endorsement of our service and care. We thank them for their support and trust in us.

We are grateful to our corporate clients for entrusting their staff to us. We resolve to serve their staff even better.

We recognise the dedication and commitment shown by all our staff, caring for all our patients and practicing our shared values every day.

A word of thanks to our shareholders for supporting us and believing in our vision and future and we thank our board of directors for their leadership and guidance. This year we are joined at the Board by Mr Tham Kui Seng and Mr Olivier Lim, both experienced corporate chieftains. We look forward to their contributions as the Group progresses and grows further.

Dr Loo Choon Yong
Executive Chairman

› Dr Loo Choon Yong

› Professor Lim Pin

› Mr Tan Soo Nan

DR LOO CHOON YONG

Executive Chairman and Co-Founder

Dr Loo Choon Yong co-founded the Raffles Medical Group in 1976 and was appointed as Executive Chairman in 1997. Dr Loo holds directorships in several companies, including CapitaMalls Asia Limited, International Medical Insurers Pte Ltd and Raffles Hospital Pte Ltd.

Dr Loo was appointed by the President of Singapore as the Ambassador to the Italian Republic from March 2006. He chairs the Sentosa Development Corporation Ltd and Sentosa Golf Club. He is a member of the Board of Trustees of Singapore Management University (SMU) and Chinese Development Assistance Council (CDAC). He is the Chairman of the Asian Medical Foundation Ltd.

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

Dr Loo was awarded the National Day Awards Public Service Medal (2003) and Public Service Star (2009) and the Distinguished Service Award (2005) from the Ministry of Home Affairs for contributions to Singapore's fight against drug abuse.

Dr Loo served as a Nominated Member of Parliament from January 2005 to May 2006 and again from January 2007 to June 2009.

PROFESSOR LIM PIN

Independent Director

Professor Lim Pin is Professor of Medicine at National University of Singapore (NUS) and Senior Consultant Endocrinologist at the National University Hospital. He was the former Vice Chancellor of NUS from 1981 to 2000, and is accorded the highest academic title of 'NUS University Professor' in recognition of his work and achievements.

Prof Lim is the Chairman of the National Wages Council, Bioethics Committee Singapore, Singapore Millennium Foundation, Singapore-MIT Alliance for Research & Technology ("SMART"), Special Needs Trust Company and Deputy Chairman, Lee Kuan Yew Water Prize Council. He joined the Board on 19 February 2001.

MR TAN SOO NAN

Independent Director

Mr Tan Soo Nan is the Chief Executive Officer of Singapore Pools (Private) Limited, a wholly owned subsidiary of Singapore Totalisator Board. Mr Tan is also concurrently the Chief Executive of Singapore Totalisator Board.

He is a trustee of the Singapore Totalisator Board SCO Trust and Sporting Singapore Fund Board of Trustees. He is a member of the Olympic Pathway Program Identification Sub-Committee, Singapore National Olympic Council Executive Committee and Vice-President of the Football Association of Singapore. He is the Vice-Chairman of the Asia-Pacific Lottery Association ("APLA") and a member of the Executive Committee of APLA. Mr Tan also serves on the board of private and public listed companies including Singapore Mercantile Exchange Pte Ltd and Osim International Ltd.

Mr Tan was formerly the Chief Executive Officer of Temasek Capital (Private) Limited and Senior Managing Director of DBS Bank and had over 29 years of experience in the banking industry. He joined the Board on 28 July 2000.

› Associate Professor Wee Beng Geok

› Mr Tham Kui Seng

› Mr Olivier Lim

ASSOCIATE PROFESSOR WEE BENG GEOK

Independent Director

Dr Wee Beng Geok is Associate Professor of strategy, management and organisation at the Nanyang Business School, Nanyang Technological University (NTU). She is also the Director of the Asian Business Case Centre at the University. She holds a PhD in Management Systems and Sciences from the University of Hull; a Master in Business Administration from Cranfield Institute of Technology, and a Bachelor of Business Administration from the University of Singapore.

She has worked both in the corporate sector and academia and held management positions in various companies. She joined the Board on 27 November 2000.

MR THAM KUI SENG

Independent Director

Mr Tham is a director of Straits Trading Company Limited, CapitaLand China Holdings Pte Ltd, SPI (Australia) Assets Pty Ltd and Alexandra Health Private Limited. He also serves on the Board of The Housing and Development Board (HDB) and chairs EM Services Private Limited. Mr Tham was the former Chief Corporate Officer of CapitaLand Limited and the Chief Executive Officer of CapitaLand Residential Limited.

Mr Tham holds a Bachelor of Arts (Honours) in Engineering Science from the University of Oxford, UK. He joined the Board on 1 October 2009.

MR OLIVIER LIM

Independent Director

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

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

In 2007, Mr Lim was named Chief Financial Officer of the Year (for firms with market value of S$500 million or more) in The Business Times' Singapore Corporate Awards. In 2009, he was awarded Best Investor Relations by a CFO by IR Magazine in its South East Asia Awards. Mr Lim holds a First Class Honours degree in Civil Engineering from the Imperial College of Science, Technology and Medicine, United Kingdom. He joined the Board on 1 October 2009.

Senior Management

From left to right › Mrs Kimmy Goh, Mr Victor Lye, Dr Kenneth Wu, Dr Loo Choon Yong, Dr Prem Kumar Nair, Mr Lawrence Lim, Mr Linus Tham, Mrs Sok Lee Chandran and Ms Jean Lee Yong.

DR LOO CHOON YONG
Executive Chairman
Raffles Medical Group

DR PREM KUMAR NAIR
Chief Talent Officer
Raffles Medical Group

MR LAWRENCE LIM
General Manager
Raffles Hospital

DR KENNETH WU
General Manager
Raffles Medical Clinics

MR VICTOR LYE
General Manager
International Medical Insurers

MR LINUS THAM
Chief Information Officer
Raffles Medical Group

MRS KIMMY GOH
Group Financial Controller
Raffles Medical Group

MRS SOK LEE CHANDRAN
Director, Corporate Finance
Raffles Medical Group

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

Clinical Leaders

From left to right › Dr Mok Ying Jang, Dr Onishi Yoichi, Dr Chng Shih Kiat, Dr Yang Ching Yu, Dr Alfred Loh, Prof Walter Tan, Dr Wilson Wong, Dr Yii Hee Seng and A/Prof Adrian Yap.

DR ALFRED LOH
Senior Clinical Director
Raffles Medical Clinics

PROF WALTER TAN
Medical Director
Raffles Hospital

DR CHNG SHIH KIAT
Deputy Medical Director
Raffles Medical Clinics

DR WILSON WONG
Medical Director
Raffles Medical Clinics

DR YANG CHING YU
Medical Director
Raffles Hospital

DR ONISHI YOICHI
Medical Director
Raffles Japanese Clinic

DR YII HEE SENG
Medical Director
International Medical Insurers

A/PROF ADRIAN YAP
Dental Director
Raffles Dental

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

PURSUING EXCELLENCE

For the past 33 years, the hallmark of Raffles Medical Group has been the excellent care and service it has rendered to its patients. By having a single minded focus on quality patient care that is coordinated and integrated at all levels, Raffles continued to grow in 2009, despite the economic meltdown and the H1N1 pandemic.

› The consolidation of services at the new Tampines One clinic provides patients with convenience in a more ambient setting.

The Group's revenue increased 8.9% from $200.8 million in 2008 to $218.6 million in 2009. Profit after tax for the Group grew by 20.1% to attain a record $38.0 million.

As a group, all divisions contributed positively to the growth with Healthcare Services division increasing its revenue by 10.2% and Hospital Services division growing by 7.9%.

RAFFLES MEDICAL

Enhancing the Healthcare Value Chain

In 2009, Raffles Medical further developed its clinic network and corporate client group. New clinics were opened at Sembawang Way, Centrepoint and Sixth Avenue. The medical services in Tampines were consolidated and relocated to its new clinics in Tampines One. They provide greater access and convenience to residents and staff of corporate clients in the vicinity of the clinics. The ongoing refurbishment programme for existing clinics ensured that patients were served in pleasant, comfortable and safe settings.

With its introduction in 2008, the Raffles Executive Medical Centre and its team of Senior Physicians have served many busy C-suite and other top level executives as well as private individuals. Raffles Health Screeners rode the increasing health awareness of local and foreign residents, and more corporate programmes, to achieve further growth and to enhance its reputation as a premier health screening facility in the region.

The H1N1 situation in 2009 saw the Raffles Medical clinics participate as Pandemic Preparedness Clinics (PPC) under the Ministry of Health (MOH). Raffles Medical clinics served numerous patients and corporate clients during that period with H1N1 and seasonal flu vaccinations, and other related services.

› All Raffles Medical clinics were appointed as Pandemic Preparedness Clinics (PPC) by the Ministry of Health to combat H1N1 in 2009.

› The Raffles Executive Medical Centre (REMC) attends to the primary health care needs of many high level executives.

Today, Raffles Medical is a leader in providing comprehensive outpatient services for acute ailments, chronic disease management, lifestyle medical services, immunisation programs, travel medicine, preventive and health screening services, occupational and corporate health, as well as round-the-clock emergency medical services.

Raffles Medical Group's ability to customise solutions for corporate clients helped renew key contracts.

Strategic Long-Term Partnerships

Contracts with key Ministries and Statutory Boards were re-awarded to Raffles Medical for services covering primary care, health screening, vaccination programme and pre-employment in 2009. In addition, Raffles Medical conducts pre-employment check-up services for civil service agencies in Singapore.

With a complete range of corporate medical services, Raffles Medical further expanded its corporate client group. Raffles Medical takes an active interest in corporate and employee health profiles, having collaborated closely with corporate clients in their health promotion activities for many years. In addition to the regular medical services required by companies, Raffles Medical customises solutions for corporate clients requiring services specific to their company or industry. Raffles Medical continued to grow its corporate wellness programs and business through its established medical consultancy services as well as working in tandem with local VWOs.

Raffles Medical provides first aid training to the members of the Community Emergency Response Teams (CERTs) set up by People's Association and grassroots organisations, paving way for Raffles Medical to play a pivotal role at the community level. Raffles Medical collaborated with Taxi Operators Association to provide an affordable and comprehensive suite of outpatient services to taxi drivers island-wide. This is part of the ongoing enhancement to the "U-Care TOA Immediate Relief" package.

RAFFLES HOSPITAL

International Standard of Care

Raffles Hospital started the year on a positive note with its accreditation by the Joint Commission International (JCI), a testimony to its excellent quality of care.

A recognised international healthcare accreditation and a gold standard in the setting and monitoring of global healthcare standards for hospitals, the JCI accreditation serves as an assurance of Raffles Hospital's commitment towards patient safety and quality of care. With the JCI accreditation, the Hospital is able to effectively benchmark itself internationally to the best of class.

In addition to the JCI accreditation, Raffles Medical Group achieved its ISO 9001 recertification in 2009, a certification it had since 2002.

Program Certified
by Joint Commission International

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

Growing from Strength to Strength

The recruitment of new specialists helped the Hospital grow in strength and depth. Their addition enlarged the pool of medical skills in Raffles Hospital and allowed the introduction of more sub-specialisations to meet patients' evolving needs. Amongst the many specialties, new specialists in the areas of colorectal surgery, urology, cardiology, paediatrics, and dentistry were recruited. Raffles' Group Practice Model continued to draw specialists to the Hospital as it is a unique and well sought after working environment within the private sector.

Services started in 2009 included niche areas such as laparoscopic colectomy, triple endobutton surgery, hair transplant, and fat transfer.

› New services introduced in 2009 include niche areas in shoulder treatment like the Triple Endobutton technique. Here, Dr Lim Yeow Wai, Specialist in Orthopaedic Surgery, examines a patient for shoulder injuries.

› Japanese residents and tourists get to enjoy high quality medical care at the three Raffles Japanese clinics strategically located in the heart of the city. The clinics are located at Raffles Hospital, Liang Court and Wheelock Place.

To better serve patients through a more convenient location and larger premises, the two satellite specialist centres in Tampines Junction, namely Raffles Children's Centre and Raffles Women's Centre, were relocated to the newly opened Tampines One Shopping Centre. The move proved to be popular one as patient volume for both centres improved significantly immediately after the relocation.

The Raffles Japanese Clinic relocated its Orchard clinic from International Building to Wheelock Place in September 2009. The new clinic at Wheelock Place offers dental services on top of Family Medicine and Dermatology services. The relocation and expanded range of service saw the clinic increasing in both patient load and revenue. Plans for 2010 include rolling out premium health screening packages and the introduction of medical services in the areas of orthopaedics, eye, ear, nose and throat.

Raffles Women's Centre, the largest private Obstetrics and Gynaecology group, delivered more than a thousand babies in 2009. As more couples are starting their family planning later in life, Raffles Fertility Centre was able to help such couples achieve their dreams of having children. The Fertility Centre's success rates of 37.1% per stimulated cycle continued to exceed the national standard, making it a preferred destination to seek help for infertility issues. The demand for the Centre's expertise in foetal screening and management of "high risk" pregnancies grew in tandem with the increase in fertility cases.

Raffles Chinese Medicine cemented its position as a TCM specialist centre especially in the areas of gynaecology and reproductive health, ophthalmology and paediatrics. Through close partnership with the specialists from Raffles Hospital, the physicians are able to provide complementary services to patients of the Hospital in areas such as pain management, cancer aftercare, fertility, women's health and men's health. It will be developing more programmes for illness prevention and disease management, such as its chronic disease management programme and sub-health management programme, to treat the borderline state between being healthy and falling sick.

› Raffles Chinese Medicine offers complementary services to patients in Raffles Hospital in areas like fertility and cancer aftercare.

› The Raffles Fertility Centre continues to be a preferred destination for infertility treatment, helping couples achieve their dreams of having children.

Opening its doors on December 2009, Raffles Dialysis Centre offers holistic acute and chronic haemodialysis services for inpatients, outpatients and overseas visitors. It also provides Renal Nutritional Counselling and Liver Dialysis (MARS) services.

Along with the expansion of the hospital's outpatient business and the increase in complex cases, the inpatient business grew in tandem. Hospital inpatient admissions, surgical activity and intensive care utilisation all surpassed those of the previous year.

Going Places

In spite of the downturn and the threat of H1N1 around the world, Raffles Hospital continued to draw international patients from more than a hundred countries. There was significant growth from new and emerging markets such as Vietnam, Brunei, Papua New Guinea and Russia. New channels, effective marketing efforts and the strengthening of patient referral networks in these markets contributed to this growth.

The hospital's reach increased with the expansion of its representative offices in Indonesia, as well as liaison offices and associates network in Russia, Vietnam, Cambodia and Brunei among others. It also continued to collaborate with international insurance and medical evacuation companies, foreign embassies, affinity partners and multinational companies. A key service link and coordinator in the hospital's international healthcare activities is the Raffles International Patient Centre which functions to organise and support medical travel for the international patients.

Health screening and specialty second opinions remained in great demand by the international patients. The hospital saw an increase in the number of international patients with complex medical conditions or those requiring major surgical interventions. Key specialty areas for these patients include cardiology, cardiovascular surgery, oncology, orthopaedic and spine surgery, neurology/neurosurgery, colorectal and general surgery, ophthalmology and fertility care.

› The newly opened Raffles Dialysis Centre offers holistic acute and chronic haemodialysis services. Here, Dr Ekachai Danpanich, Specialist in Renal Medicine, attends to a patient.

› Raffles Hospital's focus on expanding its surgical programme and strengthening its critical care capabilities was rewarded with favourable growth, as reflected by the growth of international patients and number of complex cases directed to the hospital.

CARING FOR YOUR HEALTH

The nutraceutical arm of the Group, Raffles Health, performed well in 2009. It expanded the range of specialty products to include Eye Plus and Saw Palmetto Complex. Raffles Health also added on Milk Thistle, Echinacea, and Spirulina to its current range of herbal and natural food supplements. During the outbreak of Influenza A (H1N1), Raffles Health introduced Flu Protect, a kit containing essential items for maintenance of personal hygiene and protection.

Raffles Health currently distributes its health products in Singapore, Indonesia, and Brunei, and is looking to expand its presence to other markets.

HEALTHCARE FINANCING

IMI's business continued to grow strongly, with premiums increasing by 30% compared with 2008. This was achieved by securing new clients and launching new products. The IMI-BUPA International Health Plan that was launched in May 2008 to cater to the high-net worth and international expatriate market continues to perform very well.

IMI has also achieved encouraging response to its Group Medical business and will continue to grow and expand this portfolio among its corporate clients. IMI has also partnered 14 independent financial advisory firms with more than 1,500 Financial Advisory Representatives. This will provide added impetus to IMI's business growth in 2010.

› The launch of new products like the OPTIMA PLUS Individual Plan and procurement of new clients has enabled IMI to continue to grow strongly.

› By living up to Raffles' unique core values, standards and qualities, our patients entrust us to look after them and their families year after year.

RAFFLES: THRIVING ON VALUES

As the Group continues to grow and spread its wings, it is essential that the values of the Group are firmly entrenched in the hearts and minds of its staff. We train Raffles staff to translate each of our values, Compassion, Commitment, Excellence, Team-Based Care and Value, to the work they do every day. In doing so, they touch patients' lives and demonstrate that we are a caring organisation. By living up to our values, as well as the standards and qualities unique to Raffles, our patients will trust us to look after them and their families year after year.

RafflesMedicalGroup

BOARD OF DIRECTORS

Dr Loo Choon Yong
Executive Chairman

Mr Tan Soo Nan
Independent Director

Associate Professor Wee Beng Geok
Independent Director

Professor Lim Pin
Independent Director

Mr Lim Tse Ghow Olivier
Independent Director

Mr Tham Kui Seng
Independent Director

BOARD AUDIT COMMITTEE

Mr Tan Soo Nan
Chairman

Associate Professor Wee Beng Geok

Professor Lim Pin

Mr Tham Kui Seng

Dr Loo Choon Yong

BOARD NOMINATION AND COMPENSATION COMMITTEE

Associate Professor Wee Beng Geok
Chairman

Professor Lim Pin

Dr Loo Choon Yong

REGISTERED/CORPORATE OFFICE

585 North Bridge Road
Raffles Hospital #11-00
Singapore 188770
Telephone: (65) 6311 1111
Facsimile: (65) 6338 1318
Email: enquiries@raffleshospital.com

COMPANY SECRETARIES

Mrs Sok Lee Chandran

Ms Tay Kim Choon Kimmy

SHARE REGISTRAR

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

AUDITORS

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

PRINCIPAL BANKERS

DBS Bank Ltd

Overseas-Chinese Banking Corporation Limited

United Overseas Bank Limited

IMI
The Specialist Healthcare Insurer

BOARD OF DIRECTORS

Dr Loo Choon Yong
Chairman

Mr Tan Soo Nan
Non-executive Director

Mr Ngiam Tong Dow
Independent Director

Mr Koh Kian Chew Edmund
Independent Director

Mr N Ganesan s/o N N Pillay
Independent Director

COMPANY SECRETARIES

Mrs Sok Lee Chandran

Ms Tay Kim Choon Kimmy

AUDITORS

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

PRINCIPAL BANKERS

DBS Bank Ltd

United Overseas Bank Limited

RafflesHospital

MEDICAL ADVISORY BOARD
Professor Walter Tan *(Chairman)*
Professor Edward Tock
Dr J J Murugasu
Dr Tan Yew Ghee
Dr Teo Sek Khee
Dr Thong Pao-Wen
Dr Yang Ching Yu
Dr Yeong Kuan Yuen
Dr Yii Hee Seng
Mr Lawrence Lim

CREDENTIALLING & PRIVILEGING COMMITTEE
Dr Yang Ching Yu *(Chairman)*
Dr Khoo Chong Yew
Dr Alfred Loh
Dr S Krishnamoorthy
Professor Walter Tan *(Ex Officio)*

ETHICS COMMITTEE
Dr J J Murugasu *(Chairman)*
Professor Walter Tan
Professor Nambiar Rajmohan
Professor Edward Tock
Associate Professor Chew Chin Hin
Dr Alfred Loh
Reverend Dr Isaac Lim
Mr Mike Barclay
Mr Victor Lye
Mr Moiz Tyebally

QUALITY COMMITTEE
Dr Alfred Loh *(Chairman)*
Mr Thomas Lee *(Co-Chairman)*
Dr J J Murugasu
Mr Lawrence Lim
Ms Jean Lee Yong
Ms Tan Lay Geok
Professor Walter Tan *(Ex Officio)*
Dr Wilson Wong *(Ex Officio)*
Ms Kartini Sameejan *(Secretary)*

MEDICAL AUDIT COMMITTEE
Dr Chan Choong Chee *(Chairman)*
Dr Teo Sek Khee
Dr Ng Wai Lin
Dr Veronica Toh
Dr Sathiaseelan Sivanathan
Dr Alfred Loh *(Ex Officio)*
Professor Lim Yean Leng *(Advisor)*
Ms Kartini Sameejan *(Secretary)*

SURGICAL AUDIT COMMITTEE
Dr J J Murugasu *(Chairman)*
Professor Edward Tock *(Co-Chairman)*
Dr Yang Ching Yu
Dr Law Ngai Moh
Dr Lee I Wuen
Dr Eric Teh
Dr Tan Yew Ghee
Dr S Krishnamoorthy
Professor Walter Tan *(Ex Officio)*
Dr Alfred Loh *(Ex Officio)*
Ms Kartini Sameejan *(Secretary)*

PHARMACY & THERAPEUTICS COMMITTEE
Dr Yang Ching Yu *(Chairman)*
Dr Law Ngai Moh *(Co-Chairman)*
Dr Teo Sek Khee
Dr Yii Hee Seng
Ms Lai Swee Lin *(Secretary)*

INFECTION CONTROL COMMITTEE
Dr Teo Sek Khee *(Chairman)*
Ms Kartini Sameejan
Ms Ong Suat Kien
Ms Wong Kim Tee Roselyn
Ms Tham Meng Kew
Ms Low Wai Harn
Ms Lim Hwa Hiang
Ms Alice Chan Teck Meng *(Secretary)*

OPERATING THEATRE COMMITTEE
Dr Eric Teh *(Chairman)*
Dr Stephen Lee
Dr Thong Pao-Wen
Dr Yang Ching Yu
Dr S Krishnamoorthy
Dr Tan Yew Ghee
Dr Lim Lian Arn
Dr David Wong
Dr Fong Yan Kit
Dr Lee Jong Jian
Ms Tan Lay Geok
Ms Yeang Lye Siang
Ms Teo Poh Lin *(Secretary)*

BLOOD TRANSFUSION & TISSUE REVIEW COMMITTEE
Dr S Krishnamoorthy *(Chairman)*
Dr Eric Teh *(Co-chairman)*
Dr Koh Gim Hwee
Dr Sathiaseelan Sivanathan
Dr Jean Ho
Ms Fa'eezah Bte Hamzah
Ms Pang Yen Yin
Mr Seow Ser Hoe *(Secretary)*

PATIENT CASE REVIEW COMMITTEE
Dr Ng Chin *(Chairman)*
Dr Stanley Liew *(Co-Chairman)*
Dr Lee Jong Jian
Dr Sheila Loh
Dr Benjamin Ng
Dr Tan Hsiang Lung
Dr Rupert See
Dr Ng Chee Hon
Ms Tan Lay Geok
Ms Lee Lee Boon
Ms Lai Swee Lin
Ms Kartini Sameejan
Ms Ong Suat Kien
Ms Fa'eezah Bte Hamzah
Ms Alice Chan Teck Meng *(Secretary)*

ICU COMMITTEE
Dr Chan Choong Chee *(Chairman)*
Dr Ng Wai Lin
Dr Yang Ching Yu
Dr Veronica Toh
Dr Alex Lee
Dr Gabriel Cheong
Ms Jackie Heng Lee Hoon *(Secretary)*

RafflesMedical

MEDICAL BOARD
Dr Wilson Wong *(Chairman)*
Dr Yii Hee Seng
Dr Salleh Omar Alkhatia
Dr Hoo Kai Meng
Dr Chin Min Kwong
Dr Chng Shih Kiat
Dr Choo Shiao Hoe

PHARMACY & THERAPEUTICS COMMITTEE
Dr Yii Hee Seng *(Chairman)*
Dr Hoo Kai Meng

CORPORATE GOVERNANCE STATEMENT

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

Principle 1: The Board's Conduct of Its Affairs

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

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

The Board has decided that certain matters must always be approved by the Board. These include:

- approval of quarterly results announcements;
- approval of the annual accounts;
- declaration of interim dividends and proposal of final dividends;
- convening of Shareholders' Meetings;
- approval of corporate strategy and direction of the Group;
- material acquisition or disposal;
- approval of transactions involving a conflict of interest for a substantial shareholder or a Director or interested person transactions; and
- appointment of new Directors

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

TRAINING OF DIRECTORS

All new Directors are briefed on the operations of all the key businesses and support units. New Directors are provided with relevant information on their duties as Directors under Singapore law, where necessary. Directors are also updated regularly on accounting and regulatory changes. Directors may at any time request further explanation, briefing or informal discussion on any aspect of the Company's operations.

ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

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

Name of Directors	Board		Audit Committee		Nomination & Compensation Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Dr Loo Choon Yong	4	4	4	4	1	1
Mr Tan Soo Nan	4	4	4	4	NA	NA
Associate Professor Wee Beng Geok	4	4	4	4	1	1
Professor Lim Pin	4	4	4	3	1	1
Dr David McKinnon Lawrence	4	2	NA	NA	NA	NA
Mr Tham Kui Seng	4	1	4	1	NA	NA
Mr Lim Tse Ghow, Olivier	4	1	NA	NA	NA	NA

Note:
Dr David McKinnon Lawrence retired on 15 April 2009. On 1 October 2009, Professor Lim Pin stepped down as Audit Committee member, Mr Tham Kui Seng was appointed an Independent Director and Audit Committee member. Mr Lim Tse Ghow, Olivier was appointed Independent Director on the same date.

NA: Not applicable

Principle 2: Board Composition and Guidance

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

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

The Board has reviewed its composition and is satisfied that such composition is appropriate. The Board constantly examines its size with a view to determine the impact upon its effectiveness.

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

Name of Directors	Date of Appointment	Nature of Appointment	Prime Function	Other Functions	Academic and Professional Qualifications
Dr Loo Choon Yong Age: 61	16/5/1989	Executive/ Non-independent	Chairman	Member of Nomination & Compensation Committee and Audit Committee	MBBS (S'pore), MCFP (S'pore), Dip. Cardiac Medicine (London), LLB (Hons) London, Barrister (Middle Temple)
Mr Tan Soo Nan Age: 62	28/7/2000	Non-executive/ Independent	Member	Chairman of Audit Committee	Bachelor of Business Admin (Hons), Associate of The Chartered Institute of Bankers Chief Executive Officer of Singapore Pools (Pte) Ltd
Professor Lim Pin Age: 74	9/2/2001	Non-executive/ Independent	Member	Member of Nomination & Compensation Committee	MBBChir (Cambridge), MA (Cambridge), MRCP (London), MD (Cambridge), FAM, FRCP (London), FRACP, FRCPE, FACP Professor of Medicine at National University of Singapore and Senior Consultant Endocrinologist at National University Hospital

Name of Directors	Date of Appointment	Nature of Appointment	Prime Function	Other Functions	Academic and Professional Qualifications
Associate Professor Wee Beng Geok Age: 61	27/11/2000	Non-executive/ Independent	Member	Chairman of Nomination & Compensation Committee and Member of Audit Committee	PhD in Management Systems & Sciences (Hull), MBA (Cranfield Institute of Technology), BBA (S'pore) Associate Professor at Nanyang Business School, Nanyang Technological University
Mr Tham Kui Seng Age: 52	1/10/2009	Non-executive/ Independent	Member	Member of Audit Committee	Bachelor of Arts (Hons) Engineering Science (University of Oxford, UK). Director of Straits Trading Company Limited, CapitaLand China Holdings Pte Ltd, SPI (Australia) Assets Pty Ltd and Alexandra Health Private Limited. He also serves on the Board of The Housing and Development Board (HDB) and chairs EM Services Pte Ltd.
Mr Lim Tse Ghow, Olivier Age: 45	1/10/2009	Non-executive/ Independent	Member	–	First Class Honours degree, Civil Engineering (Imperial College of Science, Technology and Medicine, United Kingdom). Group Chief Financial Officer of CapitaLand Limited.

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

INDEPENDENT MEMBERS OF THE BOARD

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

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

The Board considers its Non-executive Directors to be of sufficient calibre and number and their views to be of sufficient weight that no individual or small group can dominate the Board's decision-making processes. The Non-executive Directors have no financial or contractual interests in the Group other than by way of their fees, shareholdings and participation in the Group Stock Option Scheme as set out in the Directors' Report. The Company's Articles of Association require all Directors to submit themselves for re-election at least once every three years at the Company's Annual General Meeting.

Principle 3: Chairman and Chief Executive Officer (Executive Chairman)

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

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

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

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

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

Principle 4: Board Membership

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

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

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

Key information regarding the Directors is set out on pages 16 and 17 of the Annual Report.

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

Principle 5: Board Performance

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

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

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

Principle 6: Access to Information

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

Directors receive a regular supply of information from Management about the Group so that they are equipped to play as full a part as possible in Board Meetings. Board papers are prepared for each meeting of the Board. The Board papers include sufficient information from Management on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at Board Meetings.

All Directors have unrestricted access to the Company's records and information and receive financial and related reports from Senior Management during the year to enable them to carry out their duties. Directors also liaise with Senior Management as required, and may consult with other employees and seek additional information on request.

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

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

Principles 7 and 8: Remuneration Matters

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

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

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

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

Principle 9: Disclosure on Remuneration

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

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

Remuneration band	Number of Directors	
	2009	2008
S$500,000 and above	1	1
S$250,000 to below S$500,000	–	–
Below S$250,000	5	4
	6	**5**

Summary compensation table for the year ended 31 December 2009 (Group):

Name of Directors	Salary[1] %	Bonus[2] %	Directors' fees %	Share Options Grants %	Total Compensation %
S$500,000 and above					
Dr Loo Choon Yong *Executive Chairman*	12	88	–	–	100
Below S$250,000					
Mr Tan Soo Nan *Non-executive*	–	–	64	36	100
Associate Professor Wee Beng Geok *Non-executive*	–	–	64	36	100
Professor Lim Pin *Non-executive*	–	–	68	32	100
Mr Tham Kui Seng *Non-executive*	–	–	100	–	100
Mr Lim Tse Ghow, Olivier *Non-executive*	–	–	100	–	100

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

KEY EXECUTIVES' REMUNERATION

The Code requires the remuneration of at least the top five key executives who are not also Directors to be disclosed within bands of S$250,000. The Company believes that disclosure of the remuneration of individual executives is disadvantageous to its business interests, given the highly competitive industry conditions, where poaching of executives has become commonplace in a liberalised environment. There are no employees in the Group who are immediate family members of a Director or the CEO.

Key information regarding the Employees' Share Option Scheme is set out on pages 42 to 44 of the Annual Report.

Principle 10: Accountability

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

RMG prepares its financial statements in accordance with the Singapore Financial Reporting Standards ("SFRS") prescribed by the Accounting Standards Council.

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

BOARD COMMITTEES

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

(a) Nomination & Compensation Committee

(b) Audit Committee

Nomination & Compensation Committee

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

It is the view of the Board that it is in the best interest of the Company to have the Executive Chairman Dr Loo Choon Yong sit on the Nomination & Compensation Committee. The Board believes that Dr Loo Choon Yong's long experience in the healthcare industry and inputs are necessary to enable the Company to adequately compensate key executives and clinicians in the competitive healthcare industry. Furthermore, the Committee, comprising 2 other independent non-executive directors, has also reviewed the compensation of the Executive Chairman to ensure that he is appropriately rewarded, giving due regard to the financial and commercial health and business needs of the Group.

Principle 11: Audit Committee

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

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

Specifically, the Audit Committee:

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

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

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

Principle 12: Internal Controls

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

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

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

Principle 13: Internal Audit

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

The Group has an Internal Audit Department that is independent of the activities it audits. The internal auditor, who is a Certified Public Accountant, reports to the Chairman of the Audit Committee functionally and to the Executive Chairman administratively.

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

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

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

Principles 14 and 15: Communication with Shareholders

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

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

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

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

- annual reports that are prepared and issued to all shareholders. The Board makes every effort to ensure that the annual report includes all relevant information about the Group, including future developments and other disclosures required by the Companies Act and Singapore Financial Reporting Standards;
- financial statements containing a summary of the financial information and affairs of the Group for the period;
- notices of and explanatory memoranda for Annual General Meetings and Extraordinary General Meetings;
- press and analyst briefings for the Group's quarterly and annual results as well as other briefings, as appropriate;
- press releases on major developments of the Group;
- disclosures to the SGX-ST; and
- the Group's website at http://www.rafflesmedicalgroup.com at which shareholders can access information on the Group. The website provides *inter alia*, corporate announcements, press releases, annual reports, and a profile of the Group.

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

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

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

MATERIAL CONTRACTS

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

DEALINGS IN SECURITIES

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

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

RafflesMedicalGroup

Financial Report

CONTENTS

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2009.

DIRECTORS

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

Dr Loo Choon Yong
Professor Lim Pin
Mr Tan Soo Nan
Associate Professor Wee Beng Geok
Mr Lim Tse Ghow Olivier (Appointed on 1 October 2009)
Mr Tham Kui Seng (Appointed on 1 October 2009)

DIRECTORS' INTERESTS

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

	Holdings in the name of the director, spouse or infant children		Other holdings in which the director is deemed to have an interest	
The Company	**At beginning of the year**	**At end of the year**	**At beginning of the year**	**At end of the year**
	Ordinary Shares			
Dr Loo Choon Yong	52,790,000	53,810,000	207,181,898	207,181,898
Professor Lim Pin	296,000	296,000	–	–
Mr Tan Soo Nan	795,000	895,000	–	–
Associate Professor Wee Beng Geok	583,000	783,000	–	–

	Options to subscribe for ordinary shares			
The Company	**At beginning of the year**	**At end of the year**	**Option price per share**	**Date of grant**
Professor Lim Pin	38,000	38,000	$1.24	01/04/2008
	–	100,000	$0.78	01/04/2009
Mr Tan Soo Nan	100,000	–	$0.40	01/04/2005
	150,000	150,000	$0.68	03/04/2006
	50,000	50,000	$1.14	02/04/2007
	48,000	48,000	$1.24	01/04/2008
	–	120,000	$0.78	01/04/2009

DIRECTORS' INTERESTS (cont'd)

The Company	Options to subscribe for ordinary shares At beginning of the year	At end of the year	Option price per share	Date of grant
Associate Professor Wee Beng Geok	100,000	–	$0.30	01/04/2004
	100,000	–	$0.40	01/04/2005
	100,000	100,000	$0.68	03/04/2006
	50,000	50,000	$1.14	02/04/2007
	48,000	48,000	$1.24	01/04/2008
	–	120,000	$0.78	01/04/2009

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

The options in the Company are exercisable as follows:

(i) the options granted in 2004 are exercisable during a period commencing 12 months from the Date of Grant for the first 100,000 shares, 24 months from the Date of Grant for the next 100,000 shares and the balance after 36 months and expires at the end of 60 months from the Date of Grant.

(ii) the options granted in 2005 are exercisable during a period commencing 12 months from the Date of Grant for the first 50,000 shares, 24 months from the Date of Grant for the next 50,000 shares and the balance after 36 months and expires at the end of 60 months from the Date of Grant.

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

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

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

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

DIRECTORS' INTERESTS (cont'd)

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

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

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2010 except for:

(a) the exercise of 100,000 share options by a director, Associate Professor Wee Beng Geok, at an exercise price of S$0.68 per share on 11 January 2010; and

(b) the purchase of 10,000 shares by Dr Loo Choon Yong at the open market price of S$1.46 per share on 4 January 2010.

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

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

SHARE OPTIONS

Employees' Share Option Scheme

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

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

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

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

SHARE OPTIONS (cont'd)

Employees' Share Option Scheme (cont'd)

(3) On 1 April 2009, additional options were granted pursuant to the RMG 2000 Scheme to subscribe for ordinary shares at an exercise price of $0.78 as follows:

	Company
Directors of the Company and Executive Directors of the subsidiaries	820,000
Full-time employees	7,180,000
	8,000,000

(4) As at 31 December 2009, outstanding options to take up unissued ordinary shares in the Company under the RMG 2000 Scheme were as follows:

Date of grant of options	Exercise price per share	Options outstanding at 1 January 2009	Options granted	Options exercised	Options forfeited/ expired	Options outstanding at 31 December 2009	Number of option holders at 31 December 2009
15/02/2001	$0.320	1,448,000	–	(482,000)	–	**966,000**	21
08/04/2002	$0.230	796,000	–	(151,000)	–	**645,000**	21
31/03/2003	$0.185	730,000	–	–	–	**730,000**	22
01/04/2004	$0.300-$0.330	1,240,000	–	(285,000)	–	**955,000**	29
01/04/2005	$0.400-$0.420	1,944,000	–	(264,000)	–	**1,680,000**	49
03/04/2006	$0.680-$0.710	3,651,000	–	(665,000)	(61,000)	**2,925,000**	105
02/04/2007	$1.140-$1.150	3,213,000	–	(252,000)	(177,000)	**2,784,000**	199
01/04/2008	$1.240	3,120,000	–	(136,000)	(232,000)	**2,752,000**	248
01/04/2009	$0.780	–	8,000,000	–	(477,000)	**7,523,000**	308
		16,142,000	8,000,000	(2,235,000)	(947,000)	**20,960,000**	

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

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

Name of participant	Options granted for financial year ended 31 December 2009	Aggregate options granted since commencement of Scheme to 31 December 2009	Aggregate options exercised since commencement of Scheme to 31 December 2009	Aggregate options outstanding as at 31 December 2009
Directors of the Company				
Professor Lim Pin	100,000	908,000	770,000	138,000
Mr Tan Soo Nan	120,000	1,168,000	800,000	368,000
Associate Professor Wee Beng Geok	120,000	1,068,000	750,000	318,000
Total	340,000	3,144,000	2,320,000	824,000

SHARE OPTIONS (cont'd)

Employees' Share Option Scheme (cont'd)

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

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

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

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

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

(9) 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.

AUDIT COMMITTEE

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

- Mr Tan Soo Nan (Chairman), Non-executive Director
- Associate Professor Wee Beng Geok, Non-executive Director
- Mr Tham Kui Seng, Non-executive Director (Appointed on 1 October 2009)
- Dr Loo Choon Yong, Executive Director

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

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

AUDIT COMMITTEE (cont'd)

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the external and internal auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

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

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

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

On behalf of the Board of Directors

Dr Loo Choon Yong
Chairman

Mr Tan Soo Nan
Director

26 February 2010

Statement by Directors

In our opinion:

(a) the financial statements set out on pages 49 to 93 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 2009 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

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

On behalf of the Board of Directors

Dr Loo Choon Yong
Chairman

Mr Tan Soo Nan
Director

26 February 2010

Independent Auditors' Report

Members of the Company
Raffles Medical Group Ltd

We have audited the accompanying financial statements of Raffles Medical Group Ltd (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at 31 December 2009, the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 49 to 93.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards. This responsibility includes:

(a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

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

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

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

OPINION

In our opinion:

(a) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2009 and the results, changes in equity and cash flows of the Group for the year ended on that date; and

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

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
26 February 2010

Balance Sheets

As at 31 December 2009

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Non-current assets					
Property, plant and equipment	4	146,435	150,251	3,527	3,273
Intangible assets	5	367	419	245	245
Investment properties	6	85,000	84,400	–	–
Subsidiaries	25	–	–	197,582	197,165
Deferred tax assets	7	528	1,179	–	–
		232,330	236,249	201,354	200,683
Current assets					
Inventories		5,273	4,750	1,711	1,544
Trade and other receivables	8	24,283	24,901	15,695	11,807
Cash and cash equivalents	9	74,372	44,501	59,087	30,788
Assets classified as held for sale	10	553	–	–	–
		104,481	74,152	76,493	44,139
Total assets		336,811	310,401	277,847	244,822
Equity attributable to owners of the Company					
Share capital	11	172,659	171,347	172,659	171,347
Reserves	11	77,114	50,578	38,064	25,311
		249,773	221,925	210,723	196,658
Minority interests		377	321	–	–
Total equity		250,150	222,246	210,723	196,658
Non-current liabilities					
Deferred tax liabilities	7	1,439	742	209	121
Interest-bearing liabilities	14	20,000	22,000	–	–
		21,439	22,742	209	121
Current liabilities					
Trade and other payables	13	51,972	51,503	62,757	42,637
Interest-bearing liabilities	14	4,519	4,614	2,236	2,234
Current tax payable		8,731	9,296	1,922	3,172
		65,222	65,413	66,915	48,043
Total liabilities		86,661	88,155	67,124	48,164
Total equity and liabilities		336,811	310,401	277,847	244,822

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

Consolidated Income Statement

Year ended 31 December 2009

	Note	2009 $'000	2008 $'000
Revenue		218,610	200,769
Other operating income		780	494
Inventories and consumables used		(24,514)	(22,676)
Purchased and contracted services		(16,035)	(12,862)
Staff costs		(104,863)	(98,319)
Depreciation of property, plant and equipment		(6,891)	(6,618)
Operating lease expenses		(5,133)	(4,450)
Other operating expenses		(16,497)	(17,365)
Profit from operating activities		45,457	38,973
Finance expenses	16	(410)	(623)
Profit before income tax		45,047	38,350
Income tax expense	17	(7,014)	(6,690)
Profit for the year	16	38,033	31,660
Attributable to:			
Owners of the Company		37,882	31,547
Minority interest		151	113
Profit for the year		38,033	31,660
Earnings per share (cents)	18		
Basic		7.30	6.10
Diluted		7.22	6.02

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

Consolidated Statement of Comprehensive Income

Year ended 31 December 2009

	2009 $'000	2008 $'000
Profit for the year	38,033	31,660
Other comprehensive income		
Foreign currency translation differences for foreign operations	34	(21)
Total comprehensive income for the year	38,067	31,639
Attributable to:		
Owners of the Company	37,916	31,526
Minority interest	151	113
Total comprehensive income for the year	38,067	31,639

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2009

Group	Share capital $'000	Currency translation reserve $'000	Share option reserve $'000	Accumulated profits $'000	Total attributable to owners of the Company $'000	Minority interest $'000	Total equity $'000
At 1 January 2008	170,047	(334)	2,621	28,476	200,810	224	201,034
Total comprehensive income for the year	–	(21)	–	31,547	31,526	113	31,639
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Issue of 2,614,000 shares with 160,000 shares at $0.32 per share, 208,000 shares at $0.23 per share, 13,000 shares at $0.185 per share, 400,000 shares at $0.16 per share, 112,000 shares at $0.33 per share, 137,000 shares at $0.30 per share, 577,000 shares at $0.42 per share, 60,000 shares at $0.40 per share, 541,000 shares at $0.71 per share, 130,000 shares at $0.68 per share, 226,000 shares at $1.15 per share, 50,000 shares at $1.14 per share upon the exercise of options under Raffles Medical Group Employees' Share Option Scheme	1,300	–	–	–	1,300	–	1,300
Value of employee services received for issue of share options	–	–	1,216	–	1,216	–	1,216
Final dividend paid of 1.5 cents per ordinary share	–	–	–	(7,752)	(7,752)	–	(7,752)
Interim dividend paid of 1.0 cent per ordinary share	–	–	–	(5,175)	(5,175)	–	(5,175)
Dividends distributed to minority shareholder	–	–	–	–	–	(16)	(16)
At 31 December 2008	171,347	(355)	3,837	47,096	221,925	321	222,246

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

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

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

Consolidated Cash Flow Statement

Year ended 31 December 2009

	2009 $'000	2008 $'000
Cash flows from operating activities		
Profit before income tax	45,047	38,350
Adjustments for:		
Amortisation of intangible assets	52	52
Depreciation of property, plant and equipment	6,891	6,618
Dividend income	–	(9)
Equity-settled share-based payment transactions	1,585	1,216
Exchange loss	–	25
Finance expenses	410	623
Gain on disposal of equity securities held for trading	–	(227)
Interest income from fixed deposits	(180)	(258)
Net change in fair value of equity securities held for trading	–	44
Property, plant and equipment written off	46	71
Revaluation gain of investment properties	(600)	–
	53,251	46,505
Changes in working capital:		
Inventories	(523)	(947)
Trade and other receivables	802	(4,700)
Trade and other payables	318	3,816
Cash generated from operations	53,848	44,674
Income taxes paid	(6,229)	(3,977)
Interest paid	(410)	(623)
Net cash generated from operating activities	47,209	40,074
Cash flows from investing activities		
Acquisition of equity securities held for trading	–	(1,251)
Dividend received	–	9
Interest received	180	289
Proceeds from sale of equity securities held for trading	–	2,138
Proceeds from sale of property, plant and equipment	206	–
Purchase of property, plant and equipment	(3,892)	(6,145)
Net cash used in investing activities	(3,506)	(4,960)

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

	Note	2009 $'000	2008 $'000
Cash flows from financing activities			
Dividends paid		(12,965)	(12,927)
Dividends paid to minority shareholder of the subsidiary		(35)	(16)
Proceeds from issue of shares under share option scheme		1,312	1,300
Proceeds from bank loan		3,129	28,841
Repayment of bank loan		(5,127)	(27,934)
Repayment of loan to minority shareholder		(60)	–
Net cash used in financing activities		(13,746)	(10,736)
Net increase in cash and cash equivalents		29,957	24,378
Cash and cash equivalents at 1 January		44,121	19,744
Effect of exchange rate changes on balances held in foreign currency		11	(1)
Cash and cash equivalents at 31 December	9	74,089	44,121

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 26 February 2010.

1 DOMICILE AND ACTIVITIES

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

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

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

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

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

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the balance sheet:

- Financial instruments at fair value through profit or loss are measured at fair value
- Investment property is measured at fair value

2 BASIS OF PREPARATION (cont'd)

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

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

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

2.5 Changes in accounting policies

Starting as of 1 January 2009 on adoption of new/revised FRSs, the Group has changed its accounting policies in presentation of financial statements.

Presentation of financial statements

The Group applies revised FRS 1 *Presentation of Financial Statements* (2008), which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Business of consolidation

Business combinations

Business combinations are accounted for under the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is credited to profit or loss in the period of the acquisition.

Subsidiaries

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

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Accounting for subsidiaries

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

3.2 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

Foreign operations

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Foreign currencies (cont'd)

Foreign operations **(cont'd)**

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

3.3 Property, plant and equipment

Recognition and measurement

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

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

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

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

Reclassification to investment property

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

Subsequent costs

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Property, plant and equipment (cont'd)

Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

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

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

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

3.4 Intangible assets

Goodwill

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill is measured at cost less accumulated impairment losses, and tested for impairment. Negative goodwill is recognised immediately in profit or loss.

Other intangible assets

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Intangible assets (cont'd)

Subsequent expenditure

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

Amortisation

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

- Assignment fees 10 years

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

3.5 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at fair value with any change therein recognised in profit or loss.

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

3.6 Leased assets

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

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

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

The Group has the following non-derivative financial assets: loans and receivables.

Loans and receivables

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

Loans and receivables comprise trade and other receivables.

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

Non-derivative financial liabilities

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

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

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

The Group has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 Financial instruments (cont'd)

Share capital

Ordinary shares

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

3.8 Inventories

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

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

3.9 Impairment

Financial assets (including receivables)

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

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, and indications that a debtor or issuer will enter bankruptcy.

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

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Impairment (cont'd)

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

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

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

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

3.10 Employee benefits

Defined contribution plans

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

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.10 Employee benefits (cont'd)

Short-term employee benefits

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

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

Share-based payment transactions

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

3.11 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.12 Revenue

Services

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

Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Contingent rentals are recognised as income in the accounting period in which they are earned.

3.13 Government grants

Jobs Credit Scheme

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

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.14 Lease payments

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

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

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

3.15 Finance expense

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

3.16 Income tax

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.17 Earnings per share

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

3.18 Segment reporting

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

3.19 New standards and interpretations not yet adopted

New standards, amendments to standards and interpretations that are not yet effective for the year ended 31 December 2009 have not been applied in preparing these financial statements. The Management is in the process of assessing the impact of these new standards, amendments and interpretations.

4 PROPERTY, PLANT AND EQUIPMENT

Group	Note	Leasehold land $'000	Leasehold properties $'000	Medical equipment $'000	Furniture and fittings $'000	Office equipment $'000	Motor vehicles $'000	Computers $'000	Renova-tions $'000	Facilities equipment $'000	Total $'000
Cost											
At 1 January 2008		83,012	56,617	18,964	2,568	775	583	3,926	4,726	1,573	172,744
Additions		–	–	2,747	409	88	34	877	1,881	109	6,145
Disposals		–	–	(164)	(101)	(74)	(13)	(220)	(515)	(2)	(1,089)
Effect of movements in exchange rates		–	–	1	–	–	–	–	2	–	3
At 31 December 2008		83,012	56,617	21,548	2,876	789	604	4,583	6,094	1,680	177,803
Additions		–	–	1,621	411	82	268	700	794	16	3,892
Disposals		–	–	(464)	(43)	(17)	(307)	(133)	(251)	(12)	(1,227)
Transfer to asset held for sale	10	–	(693)	–	–	–	–	–	–	–	(693)
Effect of movements in exchange rates		–	–	(9)	(2)	(1)	–	(1)	(12)	–	(25)
At 31 December 2009		83,012	55,924	22,696	3,242	853	565	5,149	6,625	1,684	179,750
Accumulated depreciation											
At 1 January 2008		295	1,700	10,805	1,460	530	271	2,988	3,086	815	21,950
Depreciation charge for the year		1,180	1,283	2,159	233	72	53	666	801	171	6,618
Disposals		–	–	(155)	(73)	(62)	(13)	(212)	(502)	(1)	(1,018)
Effect of movements in exchange rates		–	–	1	–	–	–	–	1	–	2
At 31 December 2008		1,475	2,983	12,810	1,620	540	311	3,442	3,386	985	27,552
Depreciation charge for the year		1,180	1,282	2,246	249	79	51	667	969	168	6,891
Disposals		–	–	(450)	(26)	(16)	(151)	(128)	(197)	(7)	(975)
Transfer to asset held for sale	10	–	(140)	–	–	–	–	–	–	–	(140)
Effect of movements in exchange rates		–	–	(7)	–	–	–	(1)	(5)	–	(13)
At 31 December 2009		2,655	4,125	14,599	1,843	603	211	3,980	4,153	1,146	33,315
Carrying amount											
At 1 January 2008		82,717	54,917	8,159	1,108	245	312	938	1,640	758	150,794
At 31 December 2008		81,537	53,634	8,738	1,256	249	293	1,141	2,708	695	150,251
At 31 December 2009		80,357	51,799	8,097	1,399	250	354	1,169	2,472	538	146,435

4 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Medical equipment $'000	Furniture and fittings $'000	Office equipment $'000	Motor vehicles $'000	Computers $'000	Renovations $'000	Total $'000
Cost							
At 1 January 2008	1,410	1,294	575	483	1,989	2,662	8,413
Additions	172	347	47	34	475	1,076	2,151
Disposals	(64)	(63)	(55)	(13)	(147)	(187)	(529)
At 31 December 2008	1,518	1,578	567	504	2,317	3,551	10,035
Additions	160	341	64	269	291	507	1,632
Disposals	(141)	(25)	(16)	(307)	(46)	(26)	(561)
At 31 December 2009	1,537	1,894	615	466	2,562	4,032	11,106
Accumulated depreciation							
At 1 January 2008	897	854	388	217	1,419	2,368	6,143
Depreciation charge for the year	130	116	52	43	380	379	1,100
Disposals	(58)	(50)	(47)	(13)	(139)	(174)	(481)
At 31 December 2008	969	920	393	247	1,660	2,573	6,762
Depreciation charge for the year	148	135	57	40	392	431	1,203
Disposals	(134)	(15)	(14)	(151)	(46)	(26)	(386)
At 31 December 2009	983	1,040	436	136	2,006	2,978	7,579
Carrying amount							
At 1 January 2008	513	440	187	266	570	294	2,270
At 31 December 2008	549	658	174	257	657	978	3,273
At 31 December 2009	554	854	179	330	556	1,054	3,527

4 PROPERTY, PLANT AND EQUIPMENT (cont'd)

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

Leasehold Properties

Description/Location	Gross floor area (sq m)	Tenure	Group Carrying amount 2009 $'000	Group Carrying amount 2008 $'000
HDB shop with living quarters located at Blk 283 Bishan St 22 #01-177 Singapore 570283, held for use as a primary healthcare clinic	135.0	99 years commencing from 01/02/1991	943	969
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	271	278
HDB shop unit, located at Blk 927 Yishun Central 1 #01-173 Singapore 760927, held for use as primary healthcare clinic	76.0	99 years commencing from 01/09/1991	640	657
HDB shop with living quarters located at Blk 722 Ang Mo Kio Ave 8 #01-2825 Singapore 560722, held for use as a primary healthcare clinic	152.0	86 years commencing from 01/10/1993	1,312	1,348
HDB shop with living quarters located at Blk 131 Jurong East St 13 #01-267 Singapore 600131, held for use as a primary healthcare clinic	250.0	91 years commencing from 01/04/1993	1,650	1,693
HDB shop with living quarters located at Blk 177 Toa Payoh Central #01-170 Singapore 310177, held for use as a primary healthcare clinic	115.0	78 years commencing from 01/10/1992	1,032	1,059
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 01/08/1995	–	567

4 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Leasehold Properties (cont'd)

Description/Location	Gross floor area (sq m)	Tenure	Group Carrying amount 2009 $'000	2008 $'000
HDB shop with living quarters located at Blk 203 Bedok North St 1 #01-467 Singapore 460203, held for use as a primary healthcare clinic	153.0	84 years commencing from 01/07/1992	820	840
A hospital building, located at 585 North Bridge Road Singapore 188770, held for use as a hospital and medical centre	46,233.2*	99 years commencing from 01/03/1979	125,488	127,760
			132,156	135,171

* Includes commercial space of 21,738.262 sq m classified as investment property.

Source of estimation uncertainty

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

The estimates of recoverable amounts were based on either the fair value of the property, plant and equipment determined by a firm of independent professional valuers or the value-in-use of the property, plant and equipment determined by management. The fair value is based on market value, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The recoverable amounts could change significantly as a result of changes in market conditions and the assumptions used in determining the value-in-use.

5 INTANGIBLE ASSETS

Group	Membership rights $'000	Assignment fees $'000	Goodwill $'000	Total $'000
Cost				
At 1 January 2008, 31 December 2008 and 31 December 2009	164	612	152	928
Accumulated amortisation				
At 1 January 2008	–	457	–	457
Amortisation charge for the year	–	52	–	52
At 31 December 2008	–	509	–	509
Amortisation charge for the year	–	52	–	52
At 31 December 2009	–	561	–	561
Carrying amount				
At 1 January 2008	164	155	152	471
At 31 December 2008	164	103	152	419
At 31 December 2009	164	51	152	367

Company	Membership rights $'000	Goodwill $'000	Total $'000
Cost and carrying amount			
At 1 January 2008	93	152	245
At 31 December 2008	93	152	245
At 31 December 2009	93	152	245

Amortisation charge

The amortisation charge is recognised in other operating expenses in the income statement.

6 INVESTMENT PROPERTIES

	Group	
	2009 $'000	2008 $'000
At 1 January	84,400	84,400
Change in fair value	600	–
At 31 December	85,000	84,400

As at 31 December 2009, investment properties are stated based on independent professional valuation by Jones Lang LaSalle Property Consultants Pte. Ltd. on the basis of open market valuation.

6 INVESTMENT PROPERTIES (cont'd)

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

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

7 DEFERRED TAX

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

Group	At 1 January 2008 $'000	Recognised in profit or loss (note 17) $'000	At 31 December 2008 $'000	Group relief transferred $'000	Recognised in profit or loss (note 17) $'000	At 31 December 2009 $'000
Deferred tax liabilities						
Property, plant and equipment	1,365	283	1,648	–	(91)	1,557
Deferred tax assets						
Property, plant and equipment	(408)	117	(291)	–	276	(15)
Tax value of loss carry-forward	(449)	42	(407)	232	(298)	(473)
Tax value of unabsorbed wear and tear allowances	(661)	(472)	(1,133)	1,182	–	49
Other items	(425)	171	(254)	–	47	(207)
	(1,943)	(142)	(2,085)	1,414	25	(646)

Company	At 1 January 2008 $'000	Recognised in profit or loss $'000	At 31 December 2008 $'000	Recognised in profit or loss $'000	At 31 December 2009 $'000
Deferred tax liabilities					
Property, plant and equipment	218	83	301	42	343
Deferred tax assets					
Other items	(97)	(83)	(180)	46	(134)

7 DEFERRED TAX (cont'd)

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

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Deferred tax liabilities	1,439	742	209	121
Deferred tax assets	(528)	(1,179)	–	–

The following temporary differences have not been recognised:

	Group	
	2009	2008
	$'000	$'000
Tax losses	1,574	1,312

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

8 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Trade receivables	23,246	23,792	9,775	8,499
Allowance for doubtful receivables	(3,209)	(3,011)	(368)	(402)
Net receivables	20,037	20,781	9,407	8,097
Deposits	1,340	1,280	1,136	962
Loans to directors				
– Directors of subsidiaries	75	132	75	132
Staff loans	380	150	314	150
Other receivables	1,587	1,017	105	88
Amounts due from subsidiaries:				
– trade	–	–	4,218	1,932
– non-trade (see note below)	–	–	–	–
Loans and receivables	23,419	23,360	15,255	11,361
Prepayments	864	1,541	440	446
	24,283	24,901	15,695	11,807

8 TRADE AND OTHER RECEIVABLES (cont'd)

	Company 2009 $'000	Company 2008 $'000
Amounts due from subsidiaries (non-trade)	2,100	2,100
Allowance for doubtful receivables	(2,100)	(2,100)
Net receivables	–	–

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

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

The Group's primary exposure to credit risk arises through its trade receivables. Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

9 CASH AND CASH EQUIVALENTS

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Fixed deposits		69,602	42,440	58,590	30,330
Cash at bank and in hand		4,770	2,061	497	458
		74,372	44,501	59,087	30,788
Bank overdrafts (unsecured)	14	(283)	(380)		
Cash and cash equivalents in the cash flow statement		74,089	44,121		

The weighted average effective interest rates per annum relating to cash and cash equivalents, excluding bank overdrafts, at the balance sheet date for the Group and Company are 0.32% (2008: 0.57%) and 0.33% (2008: 0.59%) respectively.

Interest rates reprice at intervals of one week to one month.

10 ASSET CLASSIFIED AS HELD FOR SALE

On 30 December 2009, a subsidiary is bound by a sales and purchase contract to sell its HDB shop with living quarters located at Jurong West for a consideration of $740,000 and has collected a deposit of 1% of the purchase price from the purchaser. The sale transaction is expected to complete in March 2010 or four weeks from the date of receipt of HDB's letter of consent to the transfer and sale of the property, whichever is later.

At 31 December 2009, the asset and deposit associated with this property has been presented in the balance sheet in "Asset classified as held for sale" and "Trade and other payables", respectively.

11 SHARE CAPITAL AND RESERVES

	Note	Group 2009 $'000	Group 2008 $'000
Fully paid ordinary shares, with no par value:			
At 1 January		517,725	515,111
Issue of shares under share option scheme	12	2,235	2,614
		519,960	517,725

Ordinary shares

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

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

Currency translation reserve

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

Share option reserve

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

Dividends

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

	Group and Company 2009 $'000	Group and Company 2008 $'000
2.5 cents per qualifying ordinary share (2008: 2.5 cents)	12,965	12,927

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

	Group and Company 2009 $'000	Group and Company 2008 $'000
2.0 cents per qualifying ordinary share (2008: 1.5 cents)	10,399	7,766

12 EMPLOYEE SHARE OPTIONS

Equity Compensation Benefits

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

Information regarding the scheme is as follows:

RMG 2000 Scheme

(i) Subscription price:

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

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

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

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

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

	Weighted average exercise price 2009	No. of options 2009	Weighted average exercise price 2008	No. of options 2008
	$	('000)	$	('000)
At 1 January	0.751	16,142	0.618	15,927
Granted	0.780	8,000	1.240	3,300
Cancelled/Lapsed	0.957	(947)	1.082	(471)
Exercised	0.587	(2,235)	0.497	(2,614)
At 31 December	0.774	20,960	0.751	16,142
Exercisable at 31 December	0.757	13,075	0.623	12,262

Options exercised in 2009 resulted in 2,235,000 ordinary shares being issued at a weighted average exercise price of $0.587 each. Options were exercised on a regular basis throughout the year. The weighted average share price during the year was $1.06 per share.

12 EMPLOYEE SHARE OPTIONS (cont'd)

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

Date of grant of options	Expiry date	Exercise price $	Options outstanding 2009 ('000)	Options outstanding 2008 ('000)
15/02/2001	14/02/2011	0.320	966	1,448
08/04/2002	07/04/2012	0.230	645	796
31/03/2003	30/03/2013	0.185	730	730
01/04/2004	31/03/2009	0.300	–	200
01/04/2004	31/03/2014	0.330	955	1,040
01/04/2005	31/03/2010	0.400	100	300
01/04/2005	31/03/2015	0.420	1,580	1,644
03/04/2006	02/04/2011	0.680	400	450
03/04/2006	02/04/2016	0.710	2,525	3,201
02/04/2007	01/04/2012	1.140	190	190
02/04/2007	01/04/2017	1.150	2,594	3,023
01/04/2008	31/03/2013	1.240	208	208
01/04/2008	31/03/2018	1.240	2,544	2,912
01/04/2009	31/03/2014	0.780	820	–
01/04/2009	31/03/2019	0.780	6,703	–
			20,960	16,142

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

Date of grant of options	Group 01/04/2009	Group 01/04/2008
Fair value of share options and assumptions		
Fair value at measurement date	$0.275	$0.43
Share price	$0.78	$1.23
Exercise price	$0.78	$1.24
Expected volatility	39.65%	33.70%
Expected option life	10 years	10 years
Expected dividend yield	2.8%	1.9%
Risk-free interest rate	2.7%	2.7%

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

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

13 TRADE AND OTHER PAYABLES

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Trade payables and accrued operating expenses	41,334	42,408	11,705	11,352
Trade amounts due to subsidiaries	–	–	48,977	30,469
Non-trade amounts due to subsidiaries	–	–	700	700
Deferred income	977	–	–	–
Insurance contract provisions	4,774	4,226	–	–
Deposits received	3,369	3,821	1	–
Other payables	1,518	1,048	1,374	116
	51,972	51,503	62,757	42,637

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

Analysis of movements in insurance contract provisions

	2009			2008		
	Gross $'000	Reinsurers' share $'000	Net $'000	Gross $'000	Reinsurers' share $'000	Net $'000
Balance at beginning of the year	5,718	(1,492)	4,226	3,309	(17)	3,292
Provision made	14,618	(2,423)	12,195	10,435	(1,835)	8,600
Provision used	(12,790)	1,143	(11,647)	(8,026)	360	(7,666)
Balance at end of the year	7,546	(2,772)	4,774	5,718	(1,492)	4,226

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

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

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

14 INTEREST-BEARING LIABILITIES

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Non-current liabilities					
Unsecured bank loans		20,000	22,000	–	–
Current liabilities					
Unsecured bank overdrafts	9	283	380	–	–
Unsecured bank loans		4,236	4,234	2,236	2,234
		4,519	4,614	2,236	2,234
Total borrowings		24,519	26,614	2,236	2,234

Terms and debt repayment schedule

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

	Effective interest rate %	Year of maturity	Floating interest rate $'000	Fixed interest rate maturing within 1 year $'000	Total $'000
Group					
2009					
S$ floating rate loan	2.07	2013	22,000	–	22,000
HK$ bank overdrafts	3.65	2010	283	–	283
HK$ fixed rate term loan	1.45	2010	–	2,236	2,236
			22,283	2,236	24,519
2008					
S$ floating rate loan	2.24	2013	24,000	–	24,000
HK$ bank overdrafts	6.18	2009	380	–	380
HK$ fixed rate term loan	3.30	2009	–	2,234	2,234
			24,380	2,234	26,614
Company					
2009					
HK$ fixed rate term loan	1.45	2010	–	2,236	2,236
2008					
HK$ fixed rate term loan	3.30	2009	–	2,234	2,234

15 FINANCIAL INSTRUMENTS

Credit risk

Exposure to credit risk

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

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Loans and receivables	23,419	23,360	15,255	11,361
Cash and cash equivalents	74,372	44,501	59,087	30,788
Recognised financial assets	97,791	67,861	74,342	42,149

Impairment losses

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

	Gross 2009	Impairment losses 2009	Gross 2008	Impairment losses 2008
	$'000	$'000	$'000	$'000
Group				
Not past due	9,796	–	9,741	–
Past due 0 – 30 days	4,004	–	4,839	–
Past due 31 – 365 days	7,635	1,887	7,681	1,604
More than one year	1,811	1,322	1,531	1,407
	23,246	3,209	23,792	3,011
Company				
Not past due	5,138	–	3,970	–
Past due 0 – 30 days	1,758	–	1,913	–
Past due 31 – 365 days	2,575	64	2,491	277
More than one year	304	304	125	125
	9,775	368	8,499	402

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

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
At 1 January	3,011	2,386	402	376
Impairment loss recognised	1,112	1,258	143	55
Impairment loss utilised	(914)	(633)	(177)	(29)
At 31 December	3,209	3,011	368	402

15 FINANCIAL INSTRUMENTS (cont'd)

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

Liquidity risk

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

Group	Carrying amount $'000	Contractual cashflows $'000	Within 1 year $'000	2 to 5 years $'000
2009				
Non-derivative financial liabilities				
HK$ bank overdrafts	283	293	293	–
HK$ fixed rate term loan	2,236	2,269	2,269	–
S$ floating rate loan	22,000	23,277	2,328	20,949
Trade and other payables*	46,221	46,221	46,221	–
	70,740	72,060	51,111	20,949
2008				
Non-derivative financial liabilities				
HK$ bank overdrafts	380	403	403	–
HK$ fixed rate term loan	2,234	2,283	2,283	–
S$ floating rate loan	24,000	25,651	2,332	23,319
Trade and other payables*	47,277	47,277	47,277	–
	73,891	75,614	52,295	23,319

* Excludes deferred income received and insurance contract provisions

Currency risk

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

Interest rate risk

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

A change of 100 basis points in interest rates would have increased or decreased profit or loss by approximately $473,000 (2008: $181,000) and $586,000 (2008: $303,000) for the Group and the Company, respectively.

Fair values

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

16 PROFIT FOR THE YEAR

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

	Group 2009 $'000	Group 2008 $'000
Allowance for doubtful receivables	1,112	1,258
Amortisation of intangible assets	52	52
Change in fair value in investment property	600	–
Contributions to defined contribution plans, included in staff costs	6,303	6,033
Dividend income	–	(9)
Exchange gain	–	25
Gain on disposal of equity securities held for trading	–	(227)
Interest expense		
– bank loans	399	610
– bank overdrafts	11	13
Interest income from fixed deposits	(180)	(258)
Net change in fair value of equity securities held for trading	–	44
Non-audit fees paid to auditors of the Company	4	29
Property, plant and equipment written-off	46	71
Value of employee services received for issue of share options, included in staff costs	1,585	1,216

17 INCOME TAX EXPENSE

	Group 2009 $'000	Group 2008 $'000
Current tax expense		
Current year	7,347	6,549
Overprovided in prior years	(267)	–
	7,080	6,549
Deferred tax expense		
Movements in temporary differences	(154)	141
Underprovided in prior years	88	–
	(66)	141
Income tax expense	7,014	6,690

17 INCOME TAX EXPENSE (cont'd)

Reconciliation of effective tax rate

	Group 2009 $'000	Group 2008 $'000
Profit before income tax	45,047	38,350
Tax calculated using Singapore corporate tax rate of 17% (2008: 18%)	7,658	6,903
Effect of reduction in tax rates	(24)	30
Expenses not deductible for tax purposes	1,526	1,110
Income not subject to tax	(1,323)	(701)
Tax incentive	(783)	(905)
Tax effect of unrecognised tax losses	45	130
Overprovided in prior years	(179)	–
Others	94	123
	7,014	6,690

18 EARNINGS PER SHARE

	Group 2009 $'000	Group 2008 $'000
Basic earnings per share is based on:		
Net profit attributable to ordinary shareholders	37,882	31,547

	No. of shares ('000) 2009	No. of shares ('000) 2008
Issued ordinary shares at beginning of the year	516,862	515,111
Effect of share options exercised	1,869	1,751
Weighted average number of ordinary shares	518,731	516,862

	Group 2009 $'000	Group 2008 $'000
Diluted earnings per share is based on:		
Net profit attributable to ordinary shareholders	37,882	31,547

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

18 EARNINGS PER SHARE (cont'd)

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

	2009 No. of shares ('000)	2008 No. of shares ('000)
Weighted average number of:		
Ordinary shares used in the calculation of basic earnings per share	518,731	516,862
Potential ordinary shares issuable under share options	5,635	7,015
Weighted average number of ordinary issued and potential shares assuming full conversion	524,366	523,877

19 OPERATING SEGMENTS

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

Healthcare services : The operations of medical clinics and other general medical services; provision of health insurance, trading in pharmaceutical and nutraceutical products and diagnostic equipment, and provision of management and consultancy services.

Hospital services : The provision of specialised medical services and operation of hospital and business of medical laboratory and imaging centre.

Investment holdings : Investment holding.

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

Inter-segment pricing is determined on mutually agreed terms.

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

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

19 OPERATING SEGMENTS (cont'd)

Information about reportable segments

	Healthcare services		Hospital services		Investment holdings		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue and expenses								
External revenue	89,382	81,111	137,899	127,757	7,799	7,898	235,080	216,766
Inter-segment revenue	685	362	8,137	7,830	7,648	7,805	16,470	15,997
Finance expenses	(59)	(80)	–	–	(351)	(543)	(410)	(623)
Depreciation of property, plant and equipment	(1,627)	(1,454)	(2,802)	(2,702)	(190)	(190)	(4,619)	(4,346)
Amortisation of intangible assets	–	–	–	–	(52)	(52)	(52)	(52)
Reportable segment profit before income tax	6,902	7,381	34,075	28,148	6,342	5,093	47,319	40,622
Reportable segment assets	296,761	263,111	72,276	64,295	347,713	347,275	716,750	674,681
Capital expenditure	1,864	2,863	2,028	3,282	–	–	3,892	6,145
Reportable segment liabilities	83,271	64,485	35,387	33,307	199,567	204,579	318,225	302,371

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

	2009	2008
	$'000	$'000
Revenues		
Total revenue for reportable segments	235,080	216,766
Elimination of inter-segment revenue	(16,470)	(15,997)
Consolidated revenue	218,610	200,769
Profit or loss		
Total profit for reportable segments	47,319	40,622
Adjustment for depreciation of property, plant and equipment	(2,272)	(2,272)
Consolidated profit before income tax	45,047	38,350
Assets		
Total assets for reportable segments	716,750	674,681
Elimination of inter-segment assets	(380,467)	(365,459)
Unallocated amounts – deferred tax assets	528	1,179
Consolidated total assets	336,811	310,401
Liabilities		
Total liabilities for reportable segments	318,225	302,371
Elimination of inter-segment liabilities	(241,734)	(224,254)
Unallocated amounts – current and deferred tax liabilities	10,170	10,038
Consolidated total liabilities	86,661	88,155

19 OPERATING SEGMENTS (cont'd)

Other material items

	Reportable segment totals $'000	Adjustments $'000	Consolidated totals $'000
2009			
Depreciation of property, plant and equipment	4,619	2,272	6,891
2008			
Depreciation of property, plant and equipment	4,346	2,272	6,618

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

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

The amount of $2,272,000 (2008: $2,272,000) relates to the depreciation of the hospital building for the year ended 31 December 2009.

Geographical segments

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

Major customer

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

20 DETERMINATION OF FAIR VALUES

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

Investment property

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property every year. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

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

Share-based payment transactions

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

21 FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

21 FINANCIAL RISK MANAGEMENT (cont'd)

Risk management framework

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

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

Credit risk

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

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

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

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

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

Liquidity risk

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

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

21 FINANCIAL RISK MANAGEMENT (cont'd)

Market risk

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

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

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

Capital Management

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

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

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

There was no change in the Group's approach to capital management during the year.

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

22 OPERATING LEASES

Leases as lessee

At 31 December 2009, the Group and the Company have commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Payable:				
Within 1 year	4,942	4,498	4,594	4,708
After 1 year but within 5 years	3,864	6,145	3,236	6,698
	8,806	10,643	7,830	11,406

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.

22 OPERATING LEASES (cont'd)

Leases as lessor

At 31 December 2009, the Group has future minimum lease and sub-lease income receivables under non-cancellable operating leases as follows:

	Group	
	2009	2008
	$'000	$'000
Receivable:		
Within 1 year	1,755	1,172
After 1 year but within 5 years	4,783	4,352
After 5 years	2,522	3,710
	9,060	9,234

23 RELATED PARTIES

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

Transactions with key management personnel

Directors participate in the Employee Share Option Scheme. 340,000 (2008: 172,000) share options were granted to the directors of the Company during the year. The share options that were granted during the year were on the same terms and conditions as those offered to other employees of the Company as described in note 12. At the balance sheet date, 824,000 (2008: 1,172,000) of the share options granted to the directors of the Company were outstanding.

24 KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel compensation comprised:

	Group	
	2009	2008
	$'000	$'000
Directors' remuneration included in staff costs	7,085	6,598
Directors' fees	166	168
Share-based benefits	156	164
	7,407	6,930

25 GROUP ENTITIES

	Company 2009 $'000	Company 2008 $'000
Investments in subsidiaries	22,501	19,692
Amounts due from subsidiaries (mainly non-trade)	175,081	177,473
	197,582	197,165

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

Details of subsidiaries are as follows:

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity interest held by the Group 2009 %	Effective equity interest held by the Group 2008 %
[1] Raffles Hospital Pte Ltd	Provision of general and specialised medical services and operation of a hospital	Singapore	100	100
[1] Raffles Diagnostica Pte Ltd	Operation of medical laboratory and imaging centre	Singapore	100	100
[1] Raffles Medical Properties Pte Ltd and its subsidiary:	Investment holding	Singapore	100	100
[1] Raffles Hospital Properties Pte Ltd	Property owner	Singapore	100	100
[3] Raffles International Medical Assistance Pte Ltd	Provision of medical evacuation and repatriation and provision of medical advisory services (currently inactive)	Singapore	100	100
[3] Raffles Medical Management Pte Ltd	Provision of business management and consultancy services (dormant)	Singapore	100	100
[3] Raffles SurgiCentre Pte Ltd	Provision of general and specialised medical services and operation of a hospital (dormant)	Singapore	100	100
[1] Raffles Japanese Clinic Pte Ltd	Operation of medical clinics and provision of medical services	Singapore	80	80
[1] Raffles Health Pte Ltd	Trading in pharmaceutical and nutraceutical products and diagnostic equipment	Singapore	100	100
[1] Aptitude (2003) Pte Ltd	Provision of advisory and consultancy services and developing IT solutions	Singapore	100	100

25 GROUP ENTITIES (cont'd)

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity interest held by the Group 2009 %	Effective equity interest held by the Group 2008 %
[1] Raffles Medical International Pte Ltd and its subsidiary:	Investment holding	Singapore	100	100
[2] Raffles Medical Group (Hong Kong) Limited and its subsidiaries:	Operation of medical clinics and provision of medical and dental treatment services	Hong Kong	100	100
[2] Coors Consultants Limited	Provision of management services to medical practitioners and the trading of medicine on an indent basis	Hong Kong	100	100
[3] Medical Properties Co. Limited	Investment holding	Hong Kong	100	100
[1] International Medical Insurers Pte Ltd	Provision of health and related insurance	Singapore	100	100
[3] PT Raffles Medika Indonesia	Provision of hospital and healthcare management and consultancy services	Indonesia	100 [4]	100 [4]
[1] Raffles Chinese Medicine Pte Ltd	Provision of general medical services, acupuncture and acupressure	Singapore	100	100
[3] Raffles Korean Clinic Pte Ltd	Operation of medical clinics and provision of medical services (dormant)	Singapore	100	100
[3] RMG Capital Pte. Ltd. and its subsidiary:	Investment holding (dormant)	Singapore	100	100
[3] Asian Healthcare Capital Management Pte Ltd	Investment management (dormant)	Singapore	100	100
[3] International Medical Investment Co., Ltd	Investment holding (dormant)	British Virgin Islands	100	100

[1] *Audited by KPMG Singapore.*

[2] *Audited by Wong Brothers & Co., Hong Kong.*

[3] *Not required to be audited.*

[4] *Shares of this subsidiary are partially held in trust by a director and an employee of the subsidiary.*

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

Shareholdings Statistics

As at 8 March 2010

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

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 8 March 2010, approximately 46.07% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	408	6.14	134,494	0.03
1,000 – 10,000	4,927	74.12	18,456,023	3.55
10,001 – 1,000,000	1,292	19.44	48,117,833	9.24
1,000,001 and above	20	0.30	453,776,043	87.18
	6,647	100.00	520,484,393	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	Raffles Medical Holdings Pte Ltd	173,197,700	33.28
2	Loo Choon Yong	53,705,000	10.32
3	DBS Nominees Pte Ltd	31,058,939	5.97
4	DBSN Services Pte Ltd	29,122,771	5.59
5	V-Sciences Investments Pte Ltd	25,000,000	4.80
6	Citibank Nominees Singapore Pte Ltd	22,930,034	4.41
7	Raffles Nominees (Pte) Ltd	18,099,450	3.48
8	S & D Holdings Pte Ltd	17,600,000	3.38
9	UOB Nominees (2006) Pte Ltd	17,000,000	3.27
10	United Overseas Bank Nominees Pte Ltd	16,462,609	3.16
11	HSBC (Singapore) Nominees Pte Ltd	16,041,100	3.08
12	BNP Paribas Securities Services Singapore	10,700,000	2.05
13	Asian Medical Foundation Ltd	4,200,000	0.81
14	Tan Tiang Lee	3,780,000	0.73
15	Yii Hee Seng	3,500,000	0.67
16	Yang Ching Yu	3,037,000	0.58
17	DB Nominees (S) Pte Ltd	2,530,150	0.49
18	Kwok Wai Ling	2,343,700	0.45
19	OCBC Nominees Singapore Pte Ltd	1,845,090	0.35
20	Royal Bank Of Canada (Asia) Ltd	1,622,500	0.31
		453,776,043	87.18

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	%	Deemed Interest	%
Dr Loo Choon Yong	53,820,000	10.34	224,781,898	43.19
Raffles Medical Holdings Pte Ltd	206,697,700	39.71	–	–

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 21st Annual General Meeting ("AGM") of Raffles Medical Group Ltd ("the Company") will be held at 585 North Bridge Road, Raffles Hospital, #11-00, Singapore 188770 on Friday, 30 April 2010 at 11.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions as ordinary resolutions:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts for the year ended 31 December 2009 and the Reports of the Directors and the Auditors, and the Statement of Directors thereon.

(Resolution 1)

2. To approve the payment of a tax exempt final dividend of 2 cents per ordinary share for the year ended 31 December 2009.

(Resolution 2)

3. To approve Directors' fees ($109,000) for the year ended 31 December 2009 (2008:$110,000).

(Resolution 3)

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

(Resolution 4)

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

5. To re-elect Mr Tan Soo Nan, who is retiring under Article 93 of the Articles of Association of the Company.

(Resolution 5)

Mr Tan Soo Nan will, upon re-appointment as a Director of the Company, remain as the Chairman of the Audit Committee. He will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

6. To re-elect Associate Professor Wee Beng Geok, who is retiring under Article 93 of the Articles of Association of the Company.

(Resolution 6)

Associate Professor Wee Beng Geok will, upon re-appointment as a Director of the Company, remain as a member of the Audit Committee and the Chairman of the Nomination & Compensation Committee. She will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

7. To re-appoint KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.

(Resolution 7)

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

(Resolution 8)

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions:

9. Authority to allot and issue shares

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

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

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

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

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

provided that:

(1) the aggregate number of shares to be issued pursuant to this authority (including shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed 50% (or 100%, in the event of a pro-rata renounceable rights issue) of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and convertible securities to be issued other than on a *pro-rata* basis to the existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed 20% of the issued share capital of the Company (as calculated in accordance with subparagraph (2) below);

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

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

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

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

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

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

(Resolution 9)

10. The Proposed Renewal of Share Buy Back Mandate

That:

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

(i) market purchase(s) on the SGX-ST transacted through the Central Limit Order Book trading system and/or any other securities exchange on which the Ordinary Shares may for the time being be listed and quoted ("**Other Exchange**"); and/or

(ii) off-market purchase(s) (if effected otherwise than on the SGX-ST or, as the case may be, Other Exchange) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST or, as the case may be, Other Exchanges as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buy Back Mandate**");

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

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

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

(c) in this Resolution:

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

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

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

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

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

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

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

(Resolution 10)

11. Proposed Adoption of the Raffles Medical Group (2010) Share Option Scheme

That:

(a) the adoption of the share option scheme to be known as the "Raffles Medical Group (2010) Share Option Scheme" (the "RMG ESOS 2010" or "the Scheme"), the rules (the "Rules") of which are set out in Appendix A to the circular to Shareholders (the "Circular"), be and is hereby approved; and

(b) the committee comprising Directors of the Company duly authorised and appointed by the Board to administer the RMG ESOS 2010 (the "Committee") be and are hereby authorised:

(i) to establish and administer the Scheme;

(ii) to modify and/or amend the Scheme from time to time, provided that such modifications and/or amendments are effected in accordance with the provisions of the Scheme and to do all acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Scheme; and

(iii) to offer and grant Options (as defined in the Rules) in accordance with the Rules of the Scheme and pursuant to section 161 of the Companies Act (Chapter 50) of Singapore to allot and issue from time to time such number of Shares (as defined in the Rules) as may be required to be issued pursuant to the exercise of the Options under the Scheme, provided that the aggregate number of Shares over which Options may be granted on any date when added to the number of Shares issued and issuable in respect of all Options granted under the Scheme (including shares issued or issuable under all other share-based incentive schemes of the Company (if any) for the time being) shall not exceed 15% of the total number of issued Shares of the Company on the date immediately preceding the Offer Date (as defined in the Rules) of the relevant Option.

(Resolution 11)

12. Grant of Options at a Discount under the Scheme

That, subject to and contingent upon the passing of Ordinary Resolution 11 above, the Committee be and are hereby authorised to offer and grant Options, in accordance with the Rules, with Subscription Prices (as de ned in the Rules) set at a discount to the Market Price (as determined in accordance with the Rules), provided that such discount does not exceed 20%.

(Resolution 12)

13. Proposed Participation of Dr Loo Choon Yong as a Controlling Shareholder in the Proposed RMG ESOS 2010

That subject to and contingent upon the passing of Resolutions 11 and 12 above, approval be and is hereby given for the participation of Dr Loo Choon Yong as a controlling shareholder in the RMG ESOS 2010.

That Dr Loo Choon Yong shall fall within the definition of "Group Employee" (as defined in the Circular) and fulfill the eligibility criterion, in order to be entitled to the grant of option under the RMG ESOS 2010 in accordance with the Circular and the Rules.

(Resolution 13)

NOTICE IS ALSO HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 8 May 2010, for the preparation of dividend warrants. Duly completed transfers received by the Company's Share Registrar, M&C Services Private Limited, 138 Robinson Road, #17-00 The Corporate Office, Singapore 068906, up to the close of business at 5.00 p.m. on 7 May 2010 will be registered to determine shareholder's entitlements to the final dividend. The proposed dividend, if approved at the Annual General Meeting, will be paid on 19 May 2010.

BY ORDER OF THE BOARD

Tay Kim Choon Kimmy
Sok Lee Chandran
Company Secretaries

Singapore, 8 April 2010

Explanatory Notes:

Ordinary Resolution 9 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the date of the next Annual General Meeting to allot and issue shares and convertible securities in the Company up to an amount not exceeding in total 50% (or 100%, in the event of a pro-rata renounceable rights issue) of the issued share capital of the Company (excluding treasury shares) for the time being for such purposes as they consider would be in the interest of the Company, provided that the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders pursuant to this Resolution shall not exceed 20% (excluding treasury shares) of the issued share capital of the Company for the time being.

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

Ordinary Resolution No 11 above, if passed, will empower the Committee to issue shares in the capital of the Company pursuant to the exercise of the options under the RMG ESOS 2010 provided that the aggregate number of shares to be issued does not exceed 15% of the total number of shares issued by Company at any time.

Notes:

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

A proxy need not be a member of the Company.

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

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RAFFLES MEDICAL GROUP LTD
(Incorporated in the Republic of Singapore)
(Company Registration No.198901967K)

Proxy Form

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

I/We ____

of ____

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

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

And/or (delete as appropriate)

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

as *my/our *proxy/proxies to attend and to vote for *me/us on *my/our behalf, and if necessary, to demand a poll, at the Annual General Meeting of the Company to be held on Friday, 30 April 2010 at 11.00 a.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolution to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion.

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

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

Dated this __________ day of __________________________ 2010

Total Number of Shares Held	

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

Fold this flap for sealing

Affix
Stamp
Here
Please

The Company Secretary
RAFFLES MEDICAL GROUP LTD
585 North Bridge Road
#11-00 Raffles Hospital
Singapore 188770

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Notes:

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

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

A corporation which is a member may authorise by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the 21st Annual General Meeting, in accordance with Section 161 of the Companies Act, Chapter 50 of Singapore.

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

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

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RafflesMedicalGroup

Company Registration No. 198901967K

585 North Bridge Road Raffles Hospital #11-00 Singapore 188770
Telephone: (65) 6311 1111 Fascimile: (65) 6338 1318
www.rafflesmedicalgroup.com