

# Fostering Growth Surpassing Expectations

ANNUAL REPORT 2007



***RafflesMedicalGroup***

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### MISSION

Our mission is to enhance health and well being by providing the best total healthcare.

### VISION

Our vision is to be the leading lifetime partner for all your health needs.

### 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 and deliver value for you.

### MOTTO

"To Our Patients Our Best"



*From left to right, Staff Nurse Mary Jane Banlaygas Macatiguib, Consultant Orthopaedic Surgeon Dr Lim Lian Arn, Staff Nurse Evelyn Kwan and Deputy Medical Director and Consultant General and Colorectal Surgeon Dr Yang Ching Yu.*

Raffles Medical Group (RMG) started in 1976 with two clinics and has grown over the years to become one of the largest integrated healthcare organisations in Singapore and the region today. RMG services over one million patients and 5,500 corporate clients each year. From basic complaints to chronic conditions and severe illnesses requiring specialist treatment and complex surgery, RMG provides seamless, integrated care for all its patients.

The flagship facility of RMG, Raffles Hospital, is a 380-bed tertiary hospital. Located in the heart of Singapore, the hospital offers a full complement of specialist and emergency services combined with advanced medical technology to its patients.

RMG also operates a network of 65 multidisciplinary clinics in Singapore and four in Hong Kong. The Group is also the medical provider in Singapore's Changi International Airport and Hong Kong's Chek Lap Kok International Airport.

As it grew along the healthcare value chain, the Group expanded to include insurance and consumer healthcare services. Its subsidiary, International Medical Insurers (IMI), is a specialist healthcare insurer, writing health insurance policies for both groups and individuals.

The consumer healthcare arm, Raffles Health, develops and distributes quality personal healthcare products in Singapore and the region.

To meet with the wellness needs of its patients, RMG also offers lifestyle services through its Raffles Aesthetics, Raffles Chinese Medicine and Raffles Dental centres.

RMG subscribes to the Institutional Group Practice Model. Through this model, the family physicians and specialists work together as a team to provide patients the quality assurance of medical services that are integrated, peer reviewed and medically audited.

## HIGHLIGHTS OF 2007 PERFORMANCE

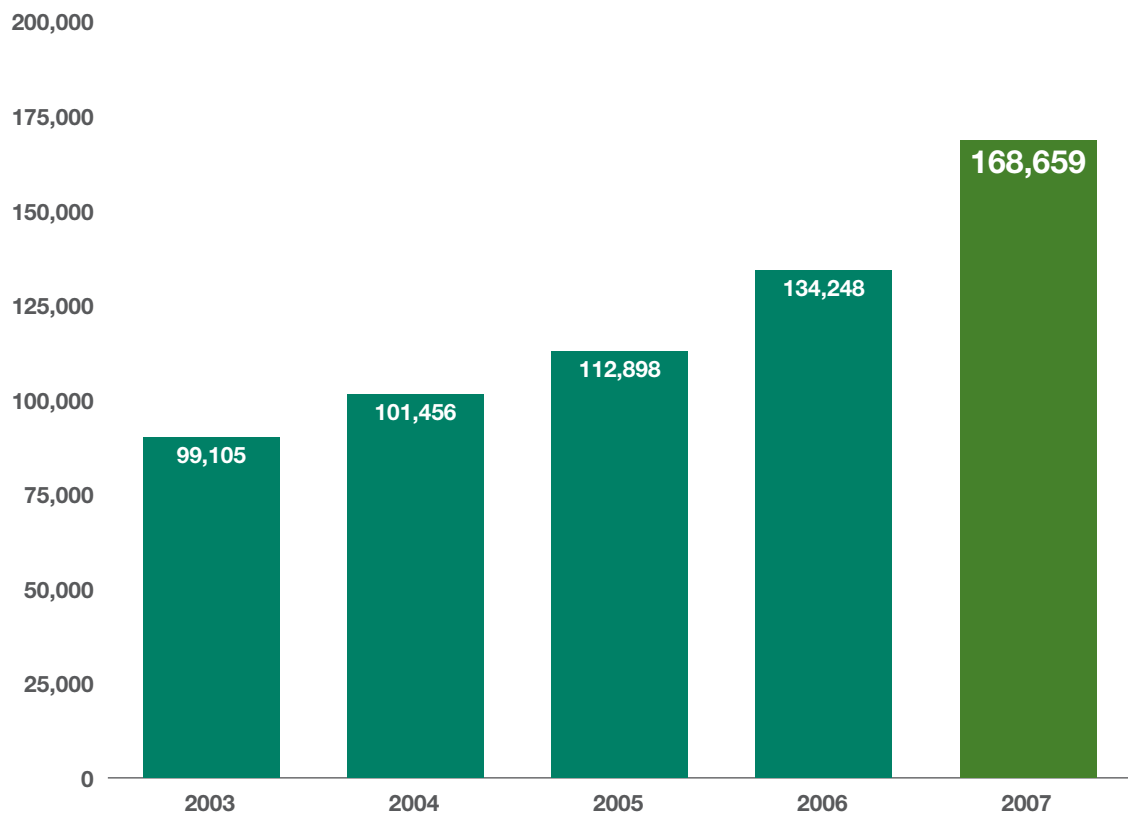
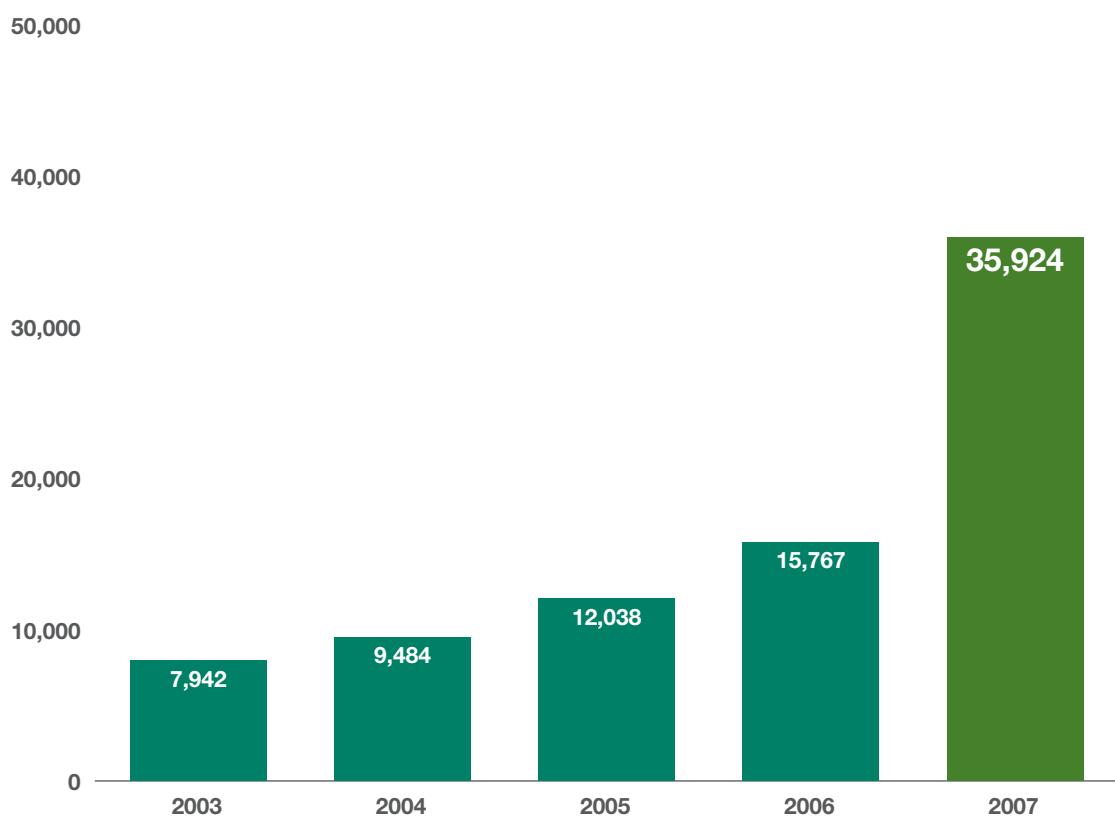
- Profit after tax grew 127.8% to S\$35.9 million
- Group achieved a 25.6% growth in revenue to S\$168.7 million
- Profit from operating activities increased by 46.9%
- Revenue from Hospital Services division increased by 34.3%
- Revenue from Healthcare Services division grew 14.4%

## 5-YEAR FINANCIAL SUMMARY

	2003 * \$'000	2004 * \$'000	2005 \$'000	2006 \$'000	2007 \$'000
Revenue	99,105	101,456	112,898	134,248	<b>168,659</b>
EBITDA	13,264	15,195	17,176	21,873	<b>31,749</b>
Operating Profit	9,813	11,323	13,502	19,210	<b>28,216</b>
Profit Before Tax	10,142	12,441	14,796	20,044	<b>41,422</b>
Profit After Tax	7,942	9,484	12,038	15,767	<b>35,924</b>
Diluted Earnings per Share (cents) #	1.86	2.19	2.69	3.44	<b>7.23</b>
Net Asset Value per Share (cents) #	22.60	23.25	24.41	24.87	<b>38.98</b>
Return on Equity (%)	8.3	9.5	11.1	13.9	<b>17.9</b>

\* Figures restated arising from the adoption of FRS 102 share-based payment.

# Figures restated due to the one-for-ten bonus shares issue.

**5-YEAR GROUP REVENUE (S\$'000)****5-YEAR GROUP PROFIT AFTER TAX (S\$'000)**





*Mdm Roselene Koh and 6-year-old Ignatius Lim sharing a moment together at Raffles Hospital.*



## EXPANDING Our Capacity

With increasing patient volumes across the Group, there was a pressing need to expand operational capacity. When we acquired full ownership of the Raffles Hospital building, we redeveloped several specialist centres.

New Raffles Medical clinics were also opened, thus expanding our comprehensive services to more locations islandwide.





Consultant Obstetrician Dr Chow Kah Kiong and Consultant Dermatologist Dr Chris Foo discussing treatment plans with their patients.





## EXTENDING Our Reach

As company doctor to more than 5,500 companies in Singapore, Raffles Medical extended its reach to the industrial estates so as to bring medical services a step closer to our corporate clients.

Regionally, Raffles Hospital continues to receive more foreign patients from Asia and beyond.



Patient being attended to by Family Physician Dr Mohamed Faizal bin Abdul Wahid and Paramedic Mr Mohammad Azli Bin Abdul Aziz.





## ENHANCING Our Services

To cater to our patients' evolving needs, we introduced an array of new specialist and lifestyle services.

Our new clinic at Changi Airport Terminal 3 offers comprehensive healthcare to travellers and airport staff.

Raffles Aesthetics offers pampering services in addition to our clinical aesthetic treatments.



**DEAR SHAREHOLDERS,**

Raffles Medical Group is today one of the largest private integrated healthcare organisations in Singapore and the region. We now have more than one million patients and 5,500 corporate clients. We own and operate 65 multi-disciplinary clinics located all over Singapore as well as four clinics in Hong Kong. We operate the medical services at two of the region's busiest airports, Changi International Airport and the Chek Lap Kok International Airport. Our flagship tertiary hospital, Raffles Hospital has 380 licensed beds with comprehensive specialist centres. In addition, we also own a life and health insurance company, International Medical Insurers, a consumer health business, a healthcare consultancy unit as well as representative offices in Jakarta, Dhaka and Hanoi.

Throughout these 31 years of growth and transformation, our goal remains unchanged. **"To our patients, our best"**.

**FOSTERING GROWTH**

2007 has been a year when Raffles Medical Group grew rapidly both locally and regionally.

Group revenue grew **25.6%** from **S\$134.2** million in 2006 to **S\$168.7** million. Profit after tax grew by a staggering **127.8%** from **S\$15.8** million to **S\$35.9** million in 2007. This outstanding performance was due to **46.9%** increase in profit from operating activities and an increased share of profits from Raffles Hospital Properties Pte Ltd (formerly known as CapitaLand-Raffles Properties Pte Ltd)

All divisions contributed positively to the growth of the Group with Hospital Services division growing by **34.3%** and the Healthcare Services division increasing by **14.4%**.

Growth in the number of Raffles specialists added breadth and depth to the specialist services offered by the Raffles Specialist Centres.

Besides having more new corporate clients, long standing corporate clients like the Ministry of Home Affairs and Civil Aviation Authority of Singapore extended their contracts with us for a further term of eight and five years respectively.

Throughout these 31 years of growth and transformation, our goal remains unchanged.  
“To our patients, our best”.

#### FORGING RELATIONS

With growth, we also found ourselves forging new relationships.

Our partnership with CapitaLand in the Raffles Hospital development lasted ten full years. Together we took a decrepit old building, Blanco Court, and redeveloped it into a state of the art tertiary hospital. This great partnership has brought life, healing, relief and hope to many Singaporean families as well as families in the region. In September 2007, we completed the acquisition of the Raffles Hospital building and we now have full ownership of the building.

This year also saw the investments into Raffles Medical Group by two new shareholders; Qatar Investment Authority and Temasek Holdings. This new relationship should enable the Group to develop new capabilities in Singapore as well as in the region.

2007 also marks the year that the Group began collaborating with partners in Clinical research. Pfizer's clinical research unit was shifted from Singapore General Hospital to Raffles Hospital.

#### NEW MARKETS; NEW CHALLENGES

For Raffles to continue in its growth path, we need to continue to evolve to meet the needs of our patients.

The growing attraction of Raffles Hospital to foreign patients is a testimony to our brand of high quality, integrated and compassionate care. We also aspire to bring the Raffles brand of medicine to the region. The Group is hence actively exploring opportunities in the region.

#### OUR TRIBUTE

We can never be where we are without the guidance, support and assistance of many people. We are grateful to the many corporate clients, patients and their families for their trust and support.

We also thank our Board of Directors, physicians, nurses, healthcare managers and the other staff who have laboured tirelessly for our patients and corporate clients.

We thank our shareholders and investors for sharing in our vision and supporting our long-term goals.



**DR LOO CHOON YONG**

*Executive Chairman*



*From left to right: Mr Tan Soo Nan, Associate Professor Wee Beng Geok, Dr Loo Choon Yong, Dr David McKinnon Lawrence and Professor Lim Pin.*

### **DR LOO CHOON YONG**

*Executive Chairman and Co-Founder*

Dr Loo co-founded the Raffles Medical Group in 1976 and is currently the Executive Chairman of the Group. He is Singapore's Non-Resident Ambassador to the Republic of Italy and was reappointed as a Nominated Member of Parliament in January 2007.

Dr Loo is a director of several companies, including International Medical Insurers Pte Ltd, Raffles Hospital Pte Ltd and Raffles Hospital Properties Pte Ltd. He is also the Chairman of Sentosa Development Corporation Ltd.

In the area of social and community service, Dr Loo is currently the Chairman of National Council Against Drug Abuse (NCADA) and Council Member of the North East Community Development Council (CDC).

He is a member of the Board of Trustees for the Singapore Management University (SMU) and the Chinese Development Assistance Council (CDAC). Dr Loo is also the Chairman of the Asian Medical Foundation Ltd.

Dr Loo was awarded the Public Service Medal in 2003 and the Distinguished Service Award in September 2005 from the Ministry of Home Affairs for contribution to Singapore's fight against drug abuse.



**DR DAVID MCKINNON LAWRENCE***Independent Director*

Dr David McKinnon Lawrence currently serves on the Boards of Agilent Technologies, Dynavax Technologies Corporation, McKesson Corporation and the RAND Health Advisory Board, among others. He also serves in advisory roles to the biotechnology industry and is the Senior Fellow at the Estes Park Institute.

Dr Lawrence is the Retired Chairman and Chief Executive Officer of Kaiser Foundation Health Plan, Inc. and Kaiser Foundation Hospitals, in the United States.

He joined the Board on 25 July 1997.

**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 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 also a Member of the Income Tax Board of Review, Goods and Services Tax Board of Review, and Council Member of Football Association of Singapore. Mr Tan also serves on the board of several companies. 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.

**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 its first University Professor – the University's highest academic appointment conferred in 2000, in recognition of his work and achievements.

Professor Lim chairs the National Wages Council, Bioethics Advisory Committee, National Longevity Insurance Committee, Tropical Marine Science Institute Management Board and Co-chairs the Singapore-MIT Alliance for Research and Technology.

He joined the Board on 19 February 2001.



**DR LOO CHOON YONG**

*Executive Chairman,  
Raffles Medical Group*



**DR WILSON WONG**

*Medical Director,  
Raffles Medical Clinics*



**PROF WALTER TAN**

*Medical Director,  
Raffles Hospital*



**DR YANG CHING YU**

*Deputy Medical Director,  
Raffles Hospital*



**DR CHNG SHIH KIAT**

*Deputy Medical Director,  
Raffles Medical Clinics*



**DR PREM KUMAR NAIR**

*General Manager, Business Development,  
Raffles Medical Group*



**MR THOMAS LEE**

*General Manager,  
Raffles Hospital*



**DR KENNETH WU**

*General Manager,  
Raffles Medical Clinics*



**MRS HILDA YAP**

*General Manager, Management Services,  
Raffles Medical Group*



**MR LAWRENCE LIM**

*General Manager,  
Raffles Hospital International*



**DR YII HEE SENG**

*General Manager,  
International Medical Insurers*



**MRS KIMMY GOH**

*Group Financial Controller & Company Secretary,  
Raffles Medical Group*



**DR COLIN QUEK**

*Chief Information Officer,  
Raffles Medical Group*



**MS ANNIE PANG**

*Director, Ambulatory Operations,  
Raffles Hospital*



**MDM TAN LAY GEOK**

*Director, Inpatient Operations,  
Raffles Hospital*



**MR ROY LIM**

*Director, Sales & Marketing,  
International Medical Insurers*



**MS CATHERINE CHENG**

*Deputy Director, Human Resource,  
Raffles Medical Group*



**DR CHOO SHIAO HOE**

*Deputy Director,  
Raffles Medical Clinics*



**DR HOO KAI MENG**

*Deputy Director,  
Raffles Medical Clinics*



**MR LEE CHEE KIAT**

*Deputy Director, Business Development,  
Raffles Medical Group*



**MS LOKE MEI CHOO**

*Deputy Director,  
Raffles Medical Clinics*



**DR SAW CHIT AUNG**

*Deputy Director, Hospital Marketing,  
Raffles Hospital*



**MR ALBERT TAN**

*Deputy Director, Support Operations,  
Raffles Hospital*



**MS TAN SIEW HOON**

*Deputy Director,  
Raffles Medical Clinics*





*Provision of quality healthcare remains the cornerstone of Raffles Medical Group's business.*

### 2007: GROWTH BY LEAPS AND BOUNDS

Raffles Medical Group had a phenomenal year as its key operating units performed well above expectations.

Benefiting from a rise in patient visits, more foreign patients and increased operating leverage and efficiencies at Raffles Hospital, the Group's revenue in 2007 increased 25.6 per cent from S\$134.2 million in 2006 to S\$168.7 million in 2007.

Profit after tax for the Group grew by 127.8 per cent to attain a record S\$35.9 million.

All divisions contributed positively to the growth of the Group with revenue from Hospital Services division increasing by 34.3 per cent whilst Healthcare Services grew by 14.4 per cent.

### RAFFLES HOSPITAL: EXCITING CHANGE

In September 2007, the Group acquired full ownership of the Raffles Hospital building at North Bridge Road. With full ownership of the building, Raffles Hospital gained greater flexibility in optimising the use of hospital and clinic space, and enabled the redevelopment of several specialist centres during the year.

Patient visits and admissions at Raffles Hospital continued its double-digit growth in 2007. This was due to an increase in the number of consultant specialists and in the expansion of services and programmes. The hospital's increasing subspecialty focus and its reputation as a provider of high quality tertiary care further fuelled the growth. Demand has been strong from both the local and regional markets. The

increasing complexity of the cases and treatment sought at the hospital continued to result in the utilisation of higher intensity, and higher value services.

In 2007, Raffles Hospital's medical staff strength continued to expand with the addition of more consultant specialists in various disciplines: cardiothoracic surgery, general surgery, obstetrics and gynaecology, dermatology, interventional radiology and nephrology. Raffles Hospital's Group Practice Model continued to lend strength to delivering excellent and seamless multi-disciplinary care.

Along with the growth in the number of consultant specialists practising at the hospital, subspecialty service capabilities were expanded. Specialty Centres were reorganised, and new

services added to accommodate the increasing demand and requirements for specialised care.

2007 saw Raffles Eye Centre expand its facility to offer comprehensive ophthalmic care. The Centre strengthened its vitreo-retinal capabilities and established a myopia management program to address one of Singapore's most prevalent eye problems.

Raffles Women's Centre, the private sector's largest Obstetrics and Gynaecology group practice, expanded its facilities to accommodate its growing patient load. The Centre started several subspecialties including maternal foetal medicine – incorporating foetal screening and high-risk pregnancy management, as well as sub-fertility services.



*Raffles Women's Centre expanded its facilities to provide better care for its patients.*



*Consultant Obstetrician & Gynaecologist Dr Joan Thong Pao-Wen sharing a happy moment with an expectant mother and her baby.*



*Full ownership of the Raffles Hospital building will allow for better operating efficiency to meet the demands of the Group's growing businesses.*



*Raffles Children's Centre moved to the same level as Raffles Women's Centre to ensure convenience for both mothers and children.*

Raffles Children's Centre also moved into a new location to support its growing requirements.

The Children's Centre expanded its support capabilities to meet the needs of the hospital's new IVF and fertility programs.

With the expansion of the outpatient business at the hospital, inpatient activity continued to experience increase, with hospital admissions, surgical activity and intensive care utilisation all showing significant growth over the previous year.

#### AN INTERNATIONAL HEALTHCARE DESTINATION

In 2007, Raffles Hospital provided care to patients from more than 100 countries. International patients represented a third of all hospital attendances in 2007. Effective marketing efforts as well as the robust regional economies contributed to this growth. In addition to health screenings, international patients are coming to Raffles Hospital for second opinions



*At Raffles Hospital, international patients find assurance in a world-class healthcare system that pushes the boundaries of excellence.*





*Together with the strengths of our skilled doctors, Raffles Hospital is capable of handling some of the most complex surgeries for patients from all over the world.*

and multiple specialist consultations – many have complex medical conditions or require major surgical interventions. During 2007, key specialty areas that international patients came to Raffles Hospital for were cardiology/cardiovascular surgery, oncology, orthopaedic and spine surgery, neurology/neurosurgery, colorectal and general surgery, ophthalmology and fertility care, among others.

The hospital's international marketing team continued to collaborate with international insurance and medical evacuation companies, foreign embassies, affinity partners

and multinational companies. Raffles International Patient Centre functions as a key link in organising and supporting medical travel for our international patients.

### COLLABORATING IN RESEARCH

In June 2007, drug giant Pfizer set up Singapore's biggest clinical research unit at Raffles Hospital. The S\$67 million, 38,000 square-foot facility is just one of three Phase 1 laboratories that Pfizer has worldwide, with the other two located in Brussels, Belgium and New Haven, United States.

### GROWING CLIENTELE; COMPREHENSIVE PATIENTCARE

#### Key Corporate Clients

2007 saw progressive growth in Raffles Medical Clinics with the renewal of key corporate contracts.

Raffles Medical has been the medical service provider at Singapore Changi Airport for the past 17 years. In June 2007, Raffles Medical was awarded the contract to continue providing medical services at the airport for the next five years. With this renewal, Raffles Medical will add three key clinics at the Airport Complex to complement the existing four clinics. Terminal 3 now houses a full service 24-hour medical centre with multi-disciplinary services in the areas of family medicine, health screening, occupational medicine, aesthetics, dentistry, obstetrics & gynaecology and emergency services.



*Raffles Medical opened its newest and largest clinic at the new Changi Airport Terminal 3.*

Following re-appointment by the Ministry of Home Affairs in December 2006 to continue the provision of medical services to the departments under the Ministry for eight years, Raffles Medical was also appointed to provide similar services for the juvenile remand institutions under the Ministry of Community Development, Youth & Sports in October 2007.

### Chronic Medical Care

Raffles Medical continued the initiatives started in 2006 to partner various public hospitals to manage patients with stable chronic medical conditions like diabetes, heart disease, hyperlipidemia and kidney disease through shared step down care programs. Patients with chronic illnesses who require regular follow-up for their conditions benefit from our large network of clinics located strategically around the island.

### Industrial Practice

Three Raffles Medical clinics were opened in technology parks in 2007 – in Science Park (Ayer Rajah), TechPark and TechPlace (Ang Mo Kio). This continues Raffles Medical's move to increase its corporate client base as it develops its expertise and business in occupational and industrial medicine.

## GOING BEYOND THE BASIC HEALTH NEEDS

### Lifestyle and Wellness Services

Raffles Aesthetics moved into new and larger premises in July 2007. With this move, the range of services offered expanded to include not just a wider range of medical aesthetic services, but also included massage therapy services. The centre also added weight detoxification programmes and anti-ageing screening programmes to its service range.



*Raffles Aesthetics enables patients to improve their body and self-image in a medically supervised environment.*

Raffles Aesthetics integrated the aesthetic services in the Raffles Medical clinic in OUB Centre under its management from November 2007. The branch in OUB Centre also offers non-surgical aesthetics services. A new branch has also been opened in January 2008 at Changi Airport Terminal 3.

In 2007, Raffles Japanese Clinic's main centre in Raffles Hospital moved to a larger unit, with dedicated areas for wellness (such as health screening and women's health services), family medicine and dental services.

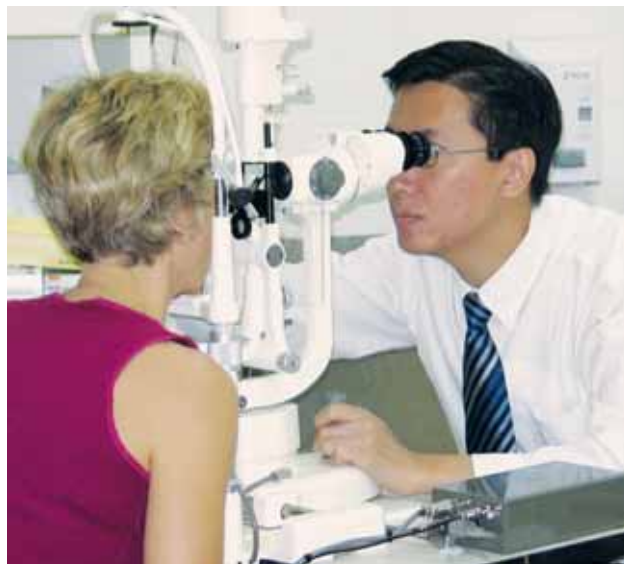
The Liang Court branch shifted to a larger unit, and a new clinic – its third – was started in the International Building in the centre of popular shopping area, Orchard Road.



*Raffles Medical offers customisable corporate medical schemes to meet the healthcare needs of individual clients.*



*With more services and programmes, Raffles Chinese Medicine is now able to provide a wider range of treatment solutions for its patients. In picture, TCM Physician Ms Miao Meng is performing acupuncture on her patient.*



*Consultant Ophthalmologist Dr Lee Jong Jian performing an eye examination for a patient.*

Raffles Chinese Medicine continued to grow organically in the second year of operations. The centre engaged new physicians and a therapist with specialties in different areas. With the doubling of the number of physicians, the clinic now provides a more complete range of complementary medicine in the areas of pain management, spinal problems, fertility, men's health, skin conditions, eye, women's health, body and facial rejuvenation, migraine and other wellness treatments.

Physicians in Raffles Chinese Medicine work closely with the consultants in the Specialist Clinics to provide complementary TCM treatments in the management of selected conditions. Some examples include providing of acupuncture and Chinese herbal medicine treatment to enhance the chance of conception for patients undergoing IVF programme. Since launching the Fertility Programme five months ago, the clinic already enjoyed a number of success cases. The clinic is also collaborating with Raffles Eye Centre to provide complementary treatments in AMD, glaucoma and myopia.

The clinic has also extended the service hours to match the patients' schedule. It now provides evening clinics every day and Saturday afternoon clinics.

Raffles Dental at Raffles Hospital provides specialist dental services in prosthodontics, orthodontics, endodontics, periodontics, oral surgery and aesthetic dentistry.

Raffles Dental now has six clinics strategically situated island-wide, namely in OUB Centre, Marina Square, Tampines Junction, Causeway Point, Changi Airport Terminal 2, and the Dental Specialist Centre in Raffles Hospital.



*Consultant Prosthodontist A/Prof Adrian Yap performing a Tooth Whitening procedure on a patient.*

A new branch to replace the clinic at Changi Airport Terminal 2 has been opened in January 2008 at Changi Airport Terminal 3 to provide comprehensive GP dental services.

As part of its aim to develop as a training centre and contribute to continuing education, Raffles Dental obtained CPE Accreditation from the Singapore Dental Council to conduct its own dental courses and seminars in 2008. A series of talks and courses has already been planned and will be introduced monthly in the Singapore Dental Association Circular sent out to all dental professionals for their participation.



**BUDDING BASE; RISING REVENUE****Health Foods**

Raffles Health launched new looks for its Raffles and Kidds brand of supplements in the second half of 2007 to good reception from customers. The new look has translated into improved performance as sales volume exceeded expectations.

The new label for the Kidds brand focused on children health with an educational message for conservation of endangered species. Two new gumee products – multivitamins and minerals, and vitamin C – were introduced.

New adult products were also introduced. The product range expansion includes a Pre-natal formula, Probiotics for adults and children, and Flaxseed omega oils.

Together with the new labels, these new products have been successfully introduced to additional local retail channels like Guardian Health & Beauty, and Unity Healthcare stores. The new labels have also been introduced to the Brunei market through Guardian Health & Beauty stores.

Volume forecasts suggest strong future growth as Raffles Health prepares to introduce the new look into the markets of Hong Kong, Indonesia and Malaysia as well.

**Health Insurance**

International Medical Insurers (IMI) continued to show strong year-on-year growth as revenue and membership base doubled compared to 2006. It has also developed good working relationships with intermediaries such as brokers, agents and financial advisors.



*Raffles will continue to expand its healthcare capacity and capabilities, in the region and beyond.*

Recent publicity on health insurance issues augur well for IMI. It is poised to tap the growing individual market with new and innovative products that will provide life-long health insurance products to meet the growing concern about healthcare costs.

IMI also started providing Group Term Life insurance for our corporate clients in 2007. This allows IMI to provide a comprehensive range of products for corporate clients, including Outpatient, Hospital and Surgical, Major Medical, Personal Accident and Group Term Life insurance. This move will enable IMI to serve our corporate clients better and more comprehensively.



*Customers responded positively to Raffles Health's brand new look and products.*

**FOSTERING GROWTH; SURPASSING EXPECTATIONS**

The Group celebrated its 30th anniversary in 2006. Raffles is now a major healthcare player in Singapore, its home base. The influx of foreign patients into its facilities here has made Raffles a brand name in the region. A brand that is unique in healthcare – one of compassionate, comprehensive team-based care that is ever responsive to the varied needs of its patients and clients.

Looking ahead, the next 30 years will see the Group in other regional and international locations. In every location that Raffles develops a presence, it aims to be the healthcare provider of choice – delivering the same unique brand of healthcare that it excels in, and is well-known for.



# RafflesMedicalGroup

## BOARD OF DIRECTORS

**Dr Loo Choon Yong**

*Executive Chairman*

**Dr David McKinnon Lawrence**

*Independent Director*

**Mr Tan Soo Nan**

*Independent Director*

**Associate Professor Wee Beng Geok**

*Independent Director*

**Professor Lim Pin**

*Independent Director*

## BOARD AUDIT COMMITTEE

**Mr Tan Soo Nan**

*Chairman*

**Associate Professor Wee Beng Geok**

**Dr Loo Choon Yong**

**Professor Lim Pin**

## 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: 6311 1111

Facsimile: 6338 1318

Email: enquiries@raffleshospital.com



The Specialist Healthcare Insurer

## BOARD OF DIRECTORS

**Dr Loo Choon Yong**

*Chairman*

**Mr Tan Soo Nan**

*Independent Director*

**Mr Ngiam Tong Dow**

*Independent Director*

**Mr Edmund Koh Kian Chew**

*Independent Director*

## REGISTERED OFFICE

585 North Bridge Road

Raffles Hospital #11-00

Singapore 188770

Telephone: 6311 1331

Facsimile: 6311 2396

Email: enquiries@imi.sg

## COMPANY SECRETARY

**Ms Tay Kim Choon Kimmy**

## SHARE REGISTRAR

**M & C Services Private Limited**

138 Robinson Road #17-00

The Corporate Office

Singapore 068906

## AUDITORS

**KPMG**

*Certified Public Accountants*

16 Raffles Quay #22-00

Hong Leong Building

Singapore 048581

Partner-in-Charge: Ms Tan Yee Peng

*Year of Appointment: 2005*

## PRINCIPAL BANKERS

**DBS Bank Ltd**

**United Overseas Bank Limited**

**Overseas-Chinese Banking Corporation Limited**

## COMPANY SECRETARY

**Ms Tay Kim Choon Kimmy**

## AUDITORS

**KPMG**

*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

## Board of Directors

Dr Loo Choon Yong (*Chairman*)  
Dr Alfred Loh  
Dr Wilson Wong

## Advisory Board

Professor Walter Tan (*Chairman*)  
Ms Jeannie Chua  
Mrs Jacqueline Loo  
Dr Yang Ching Yu  
Dr Alfred Loh  
Dr Wilson Wong  
Mr Low Teo Ping  
Mr Lock Sai Hung

## 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

## Credentials Committee

Dr Yang Ching Yu (*Chairman*)  
Dr Khoo Chong Yew  
Dr S Krishnamoorthy  
Mr Lawrence Lim  
Professor Walter Tan (*Ex Officio*)

## Quality Committee

Dr Alfred Loh (*Chairman*)  
Mr Thomas Lee (*Co-Chairman*)  
Dr J J Murugasu  
Ms Annie Pang  
Ms Catherine Cheng  
Ms Tan Lay Geok  
Mr Albert Tan  
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 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*)

## Ethics Committee

Dr J J Murugasu (*Chairman*)  
Professor Edward Tock  
Dr Alfred Loh  
Dr Chew Chin Hin

## 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 Ong Suat Kuen  
Ms Nur Afisza Bte Ahmsam  
Ms Zaiton Bte Abu Bakar  
Ms Tham Meng Kew  
Ms Low Wai Harn  
Ms Huang Shuting  
Ms Du Yali (*Secretary*)

## Operating Theatre Committee

Dr Eric Teh (*Chairman*)  
Professor Walter Tan  
Dr Stephen Lee  
Dr Thong Pao-Wen  
Dr Yang Ching Yu  
Dr S Krishnamoorthy  
Dr Koh Ghim Hwee  
Dr Tan Yew Ghee  
Dr Lee I Wuen  
Dr Aw Chong Yin  
Dr Ng Bee Lim  
Dr Haridas G Baladas  
Dr Lim Lian Arn  
Dr David Wong  
Dr Carolyn Goh  
Dr Cordelia Han  
Dr Watt Wing Fong  
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 Sathiaselvan Sivanathan  
Dr Jean Ho  
Ms Fa'eezah Bte Hamzah  
Ms Pang Yen Yin  
Mr Seow Ser Hoe (*Secretary*)

## Patient Records Review Committee

Dr Ng Chin (*Chairman*)  
Dr Koh Gim Hwee  
Ms Lee Lee Boon  
Ms Lilian Yew  
Ms Ong Suat Kien  
Ms Fa'eezah Bte Hamzah (*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 Kamala Yogam d/o Rajoo (*Secretary*)

# RafflesMedical

## Medical Board

Dr Wilson Wong (*Chairman*)  
Dr Yii Hee Seng  
Dr Kenneth Wu  
Dr Hoo Kai Meng  
Dr Chin Min Kwong  
Dr Chng Shih Kiat  
Dr Choo Shiao Hoe  
Dr Kang Aik Kiang

## Pharmaceutical & Therapeutics Committee

Dr Hoo Kai Meng (*Chairman*)  
Dr Lily Lin  
Dr Chong Siew Yun

**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. The Company has generally complied with the principles of the Code.

**PRINCIPLE 1: THE BOARD'S CONDUCT OF ITS AFFAIRS**

RMG's Board of Directors' (the Board) primary role is to protect and enhance 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 Directors meet to discuss strategy and hold extraordinary meetings at such other times as may be necessary to address any specific significant matters that may arise. The articles of association of the Company 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 given briefing sessions on the operations of all the key businesses and support units. Prior to their appointments, new Directors are provided with relevant information on their duties as Directors under Singapore law. Directors are also updated regularly on accounting and regulatory changes.

Directors may at any time request further explanation, briefing or informal discussion on any aspects of the Company's operations.

**PRINCIPLE 2: BOARD COMPOSITION AND BALANCE**

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.



**PRINCIPLE 2: BOARD COMPOSITION AND BALANCE (Cont'd)**

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

Name of Directors	Date of Appointment	Nature of Appointment	Prime Function	Other Functions	Academic and Qualifications
Dr Loo Choon Yong Age: 59	16/8/1989	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: 59	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: 72	19/2/2001	Non-executive/ Independent	Member	Member of Nomination & Compensation Committee and Audit 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
Associate Professor Wee Beng Geok Age: 59	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
Dr David M. Lawrence Age: 68	25/7/1997	Non-executive/ Independent	Member	–	BA degree (Amherst College), MD (University of Kentucky), MPH (University of Washington)  Board Member of Agilent Technologies, Dynavax Technologies Corporation, McKesson Corporation, and RAND Health Advisory Board

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**

Four of the five members of the Board are Independent Directors. They are: Dr David McKinnon Lawrence, Mr Tan Soo Nan, Professor Lim Pin and Associate Professor Wee Beng Geok. 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.

**INDEPENDENT MEMBERS OF THE BOARD (Cont'd)**

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 and 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)**

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 timelines 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 Audit Committee. His performance and remuneration is reviewed periodically by the Nomination & Compensation Committee. Both the Audit 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.

**PRINCIPLE 4: BOARD MEMBERSHIP**

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 12 and 13 of the Annual Report.

**PRINCIPLE 5: BOARD PERFORMANCE**

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**

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. Detailed 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 detailed financial and operational 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 Secretary, who is responsible to the Board for ensuring the established procedures and relevant statutes and regulations are complied with. The Company Secretary attends 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**

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. The performance of Non-executive Directors is reviewed by the Executive Chairman on an ongoing basis.

**PRINCIPLE 9: DISCLOSURE ON REMUNERATION**

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

Remuneration band	Number of Directors	
	2007	2006
S\$500,000 and above	1	1
S\$250,000 to below S\$500,000	-	-
Below S\$250,000	4	4
	5	5



**PRINCIPLE 9: DISCLOSURE ON REMUNERATION** (Cont'd)

Summary compensation table for the year ended 31 December 2007 (Group):

Name of Directors	Salary <sup>(1)</sup> %	Bonus <sup>(2)</sup> %	Directors' fees %	Total Compensation %	Share Options Grants <sup>(3)</sup>	Exercise Price	Date of Expiry
<b>\$500,000 and above</b>							
Dr Loo Choon Yong Executive Chairman	14	86	-	100	-	-	-
<b>Below \$250,000</b>							
Dr David M. Lawrence Non-executive	-	-	100	100	50,000	\$ 1.14	01/4/2012
Mr Tan Soo Nan Non-executive	-	-	100	100	50,000	\$ 1.14	01/4/2012
Associate Professor Wee Beng Geok Non-executive	-	-	100	100	50,000	\$ 1.14	01/4/2012
Professor Lim Pin Non-executive	-	-	100	100	50,000	\$ 1.14	01/4/2012

<sup>(1)</sup> The salary amount shown is inclusive of allowances, CPF, all fees other than Directors' fees and other emoluments.

<sup>(2)</sup> The bonus amount shown is inclusive of CPF.

<sup>(3)</sup> Relates to options granted during the year by the Company.

**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 who may also be clinicians is disadvantageous to its business interests, given the highly competitive industry conditions, where poaching of Executives has become commonplace in a liberalised environment. These are no employees in the Group who are immediate family members of a Director or the CEO.

**PRINCIPLE 10: ACCOUNTABILITY**

In presenting the annual financial statements and quarterly announcement to shareholders, the Board aims to provide shareholders with a balanced and comprehensive assessment of the Group's 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 to 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 and Compensation Committee. The Board believes that Dr Loo Choon Yong's long experience in the healthcare industry and input is necessary to enable the Company to adequately compensate key executives and clinicians in the competitive healthcare industry. There is no prospect of conflict as the Executive Chairman has opted not to participate in the Employees' Share Option Scheme. Furthermore, the Committee, comprising of 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 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 preliminary, interim and annual reports.

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 to review 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 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 annual and interim financial statements and announcements to shareholders 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;
- expands the duties of the Audit Committee to include reviewing and ensuring the integrity of the financial statements of the Company. Reviewing the effectiveness of the Company's internal audit function and making recommendations to the Board on engaging the external auditor;
- 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; and
- 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;
- considers other matters as requested by the Board.

**PRINCIPLE 11: AUDIT COMMITTEE (Cont'd)**

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 Officer 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.

**PRINCIPLE 12: INTERNAL CONTROLS**

The Board 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 regularly review the effectiveness of all internal controls, including operational controls.

The Board assesses risks and evaluates them as part of an integral part of the annual strategic planning cycle. Having identified the risks to achievement of their strategic objectives, each business unit in the Company is required to document the management and mitigating actions in place and proposed in respect of each significant risk.

**PRINCIPLE 13: INTERNAL AUDIT**

The Group set up an in-house internal audit function in 2003. The internal audit unit promotes internal controls in the Group and monitors the performance and application of internal procedures. The internal auditor is expected to meet or exceed the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The internal audit unit assesses the risks affecting the Group in its activities and in all its entities so that they can be identified, analysed and sufficiently hedged. The Group's internal audit function has a formal charter approved by the Board which describes its purpose, authority and responsibility. It supports the Directors in assessing key internal controls through a structured review programme.

The internal auditor reports primarily to the Chairman of the Audit Committee, Mr Tan Soo Nan. The Audit Committee will ensure that the internal auditor has adequate resources and has appropriate standing within the Group. 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.

**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.



**PRINCIPLES 14 AND 15: COMMUNICATION WITH SHAREHOLDERS**

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 selected 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.rafflesmedical.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 either informally or formally before or 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.

The Company counts all proxy votes and the Chairman will inform shareholders of the level of the proxies lodged on each resolution. The votes for and against each resolution are given following the show of hands for that resolution.

**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.

**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	5	5	4	4	1	1
Mr Tan Soo Nan	5	5	4	4	-	-
Associate Professor Wee Beng Geok	5	5	4	4	1	1
Professor Lim Pin	5	5	4	4	1	1
Dr David McKinnon Lawrence	5	5	-	-	-	-

# Financial Report

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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 2007.

## DIRECTORS

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

Dr Loo Choon Yong  
Dr David McKinnon Lawrence  
Professor Lim Pin  
Mr Tan Soo Nan  
Associate Professor Wee Beng Geok

## 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	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
<b>The Company</b>				
	<b>Ordinary Shares</b>			
Dr Loo Choon Yong	48,281,999	50,626,000	205,907,000	207,181,898
Dr David McKinnon Lawrence	316,000	567,600	-	-
Professor Lim Pin	-	146,000	-	-
Mr Tan Soo Nan	200,000	495,000	-	-
Associate Professor Wee Beng Geok	330,000	583,000	-	-
	<b>Options to subscribe for Ordinary Shares</b>			
	At beginning of the year	At end of the year	Option Price Per Share	Date of Grant
<b>The Company</b>				
Dr David McKinnon Lawrence	200,000	-	\$0.33	8/4/2002
	200,000	200,000	\$0.16	31/3/2003
	100,000	100,000	\$0.30	1/4/2004
	100,000	100,000	\$0.40	1/4/2005
	100,000	100,000	\$0.68	3/4/2006
	-	50,000	\$1.14	2/4/2007
Professor Lim Pin	100,000	-	\$0.30	1/4/2004
	100,000	-	\$0.40	1/4/2005
	100,000	100,000	\$0.68	3/4/2006
	-	50,000	\$1.14	2/4/2007

## DIRECTORS' INTERESTS (Cont'd)

## Options to subscribe for Ordinary Shares

The Company	At beginning of the year	At end of the year	Option Price Per Share	Date of Grant
Mr Tan Soo Nan	250,000	-	\$0.33	8/4/2002
	200,000	200,000	\$0.16	31/3/2003
	100,000	100,000	\$0.30	1/4/2004
	100,000	100,000	\$0.40	1/4/2005
	150,000	150,000	\$0.68	3/4/2006
	-	50,000	\$1.14	2/4/2007
Associate Professor Wee Beng Geok	250,000	-	\$0.33	8/4/2002
	100,000	100,000	\$0.30	1/4/2004
	100,000	100,000	\$0.40	1/4/2005
	100,000	100,000	\$0.68	3/4/2006
	-	50,000	\$1.14	2/4/2007
	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 2002 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 2003 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.
- (iii) 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.
- (iv) 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.
- (v) 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.
- (vi) 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.



**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 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 2008 except for the exercise of 200,000 share options by a director, Dr David McKinnon Lawrence, at an exercise price of S\$0.16 per share on 17 January 2008.

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 26 and 27 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.

- (3) On 2 April 2007, additional options were granted pursuant to the RMG 2000 Scheme to subscribe for ordinary shares at an exercise price of \$1.21, now revised to \$1.14 - \$1.15 following the adjustment to share option exercise price arising from the issuance of one for ten bonus issue in the Company, as follows:

	<b>Company</b>
Directors of the Company and Executive Directors of the subsidiaries	675,000
Full-time employees	3,387,000
	<u>4,062,000</u>

**SHARE OPTIONS** (Cont'd)**Employees' Share Option Scheme (Cont'd)**

- (4) As at 31 December 2007, 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 2007	Options granted	Options exercised	Options forfeited/expired	Options outstanding at 31 December 2007	Number of option holders at 31 December 2007
15/02/2001	\$0.320	3,206,000	-	(1,507,000)	(91,000)	1,608,000	29
08/04/2002	\$0.230-\$0.330	3,202,000	-	(1,992,000)	(186,000)	1,024,000	27
31/03/2003	\$0.160-\$0.185	1,754,000	-	(578,000)	(24,000)	1,152,000	27
01/04/2004	\$0.300-\$0.330	3,120,000	-	(1,619,000)	-	1,501,000	44
01/04/2005	\$0.400-\$0.420	4,977,000	-	(2,300,000)	(91,000)	2,586,000	74
03/04/2006	\$0.680-\$0.710	6,979,000	-	(2,497,000)	(138,000)	4,344,000	150
02/04/2007	\$1.140-\$1.150	-	4,062,000	-	(350,000)	3,712,000	272
		23,238,000	4,062,000	(10,493,000)	(880,000)	15,927,000	

- (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 2007	Aggregate options granted since commencement of Scheme to 31 December 2007	Aggregate options exercised since commencement of Scheme to 31 December 2007	Aggregate options outstanding as at 31 December 2007
<b>Directors of the Company</b>				
Dr David McKinnon Lawrence	50,000	1,000,000	450,000	550,000
Professor Lim Pin	50,000	770,000	620,000	150,000
Mr Tan Soo Nan	50,000	1,000,000	400,000	600,000
Associate Professor Wee Beng Geok	50,000	900,000	550,000	350,000
<b>Total</b>	200,000	3,670,000	2,020,000	1,650,000

**SHARE OPTIONS (Cont'd)****Employees' Share Option Scheme (Cont'd)**

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

(a) *RMG 2000 Scheme*

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
- Professor Lim Pin, Non-executive Director
- Dr Loo Choon Yong, Executive Director

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

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

The Audit Committee also reviewed the following:

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

**AUDIT COMMITTEE** (Cont'd)

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.

**AUDITORS' REMUNERATION**

The Audit Committee reviewed the independence of the auditors as required under Section 206(1A) of the Companies Act and determined that the auditors were independent in carrying out their audit of the financial statements.

**AUDITORS**

The auditors, KPMG, 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

16 February 2008



In our opinion:

- (a) the financial statements set out on pages 42 to 78 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 2007 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

16 February 2008

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 2007, the income statement, 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 42 to 78.

*Directors' responsibility for the financial statements*

The Company's directors are 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: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and 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 the directors, 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 2007 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**

Certified Public Accountants

**Singapore**

16 February 2008

		Group		Company	
	Note	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	3	150,794	20,191	2,270	2,410
Intangible assets	4	307	206	152	-
Investment properties	5	84,400	-	-	-
Subsidiaries	6	-	-	202,650	74,873
Jointly-controlled entity	7	-	53,976	-	-
Membership rights, at cost		164	88	93	68
Deferred tax assets	8	1,315	994	-	-
		236,980	75,455	205,165	77,351
<b>Current assets</b>					
Investment in commercial notes	9	-	14,250	-	7,500
Investment in equity securities held for trading		704	-	-	-
Inventories		3,803	3,424	1,150	1,149
Trade and other receivables	10	20,231	16,761	9,887	11,763
Cash and cash equivalents	11	19,744	41,946	7,223	35,747
		44,482	76,381	18,260	56,159
<b>Total assets</b>		281,462	151,836	223,425	133,510
<b>Equity attributable to equity holders of the Company</b>					
Share capital	12	170,047	101,050	170,047	101,050
Reserves	14	30,763	11,819	14,912	9,397
		200,810	112,869	184,959	110,447
<b>Minority interests</b>		224	273	-	-
<b>Total equity</b>		201,034	113,142	184,959	110,447
<b>Non-current liabilities</b>					
Deferred tax liabilities	8	737	746	121	135
<b>Current liabilities</b>					
Trade and other payables	15	47,716	30,013	33,997	18,207
Interest-bearing liabilities	16	25,260	1,994	1,711	1,822
Current tax payable		6,715	5,941	2,637	2,899
		79,691	37,948	38,345	22,928
<b>Total liabilities</b>		80,428	38,694	38,466	23,063
<b>Total equity and liabilities</b>		281,462	151,836	223,425	133,510

## Consolidated Income Statement

Year ended 31 December 2007

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**RafflesMedicalGroup**

ANNUAL REPORT 2007

		Group	
	Note	2007 \$'000	2006 \$'000
<b>Revenue</b>		168,659	134,248
Other operating income		2,120	1,867
Inventories and consumables used		(19,372)	(16,579)
Staff costs		(85,939)	(69,284)
Depreciation of property, plant and equipment		(4,220)	(3,374)
Operating lease expenses		(9,784)	(10,113)
Other operating expenses		(23,248)	(17,555)
<b>Results from operating activities</b>		28,216	19,210
Finance expenses	18	(376)	(109)
Share of profits in a jointly-controlled entity	7	13,582	943
<b>Profit before income tax</b>		41,422	20,044
Income tax expense	19	(5,498)	(4,277)
<b>Profit for the year</b>	17	35,924	15,767
<b>Attributable to:</b>			
Equity holders of the parent		35,863	15,713
Minority interests		61	54
<b>Profit for the year</b>		35,924	15,767
<b>Earnings per share (cents)</b>	20		
<b>Basic</b>		7.36	3.50
<b>Diluted</b>		7.23	3.44

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



## Consolidated Statement of Changes in Equity

Year ended 31 December 2007

Group	Share capital \$'000	Share premium \$'000	Currency translation reserve \$'000	Share option reserve \$'000	Accumulated profits \$'000	Total attributable to equity holders of the Company \$'000	Minority interests \$'000	Total equity \$'000
<b>At 1 January 2006</b>	40,035	56,172	(8)	1,123	10,168	107,490	231	107,721
Transfer from share premium account to share capital upon implementation of the Companies (Amendment) Act 2005	56,172	(56,172)	-	-	-	-	-	-
Issue of 12,197,000 shares with 3,747,000 shares at \$0.43 per share, 2,815,000 shares at \$0.33 per share, 1,663,000 shares at \$0.285 per share, 2,195,000 shares at \$0.42 per share and 1,777,000 shares at \$0.51 per share upon the exercise of options under Raffles Medical Group Employees' Share Option Scheme	4,843	-	-	-	-	4,843	-	4,843
Translation differences relating to financial statements of foreign subsidiaries	-	-	(259)	-	-	(259)	-	(259)
Net profit for the year	-	-	-	-	15,713	15,713	54	15,767
Total recognised income and expense for the year	-	-	(259)	-	15,713	15,454	54	15,508
Value of employee services received for issue of share options	-	-	-	584	-	584	-	584
Interim Ordinary & Special dividend paid of 1.0 cents per ordinary share	-	-	-	-	(4,107)	(4,107)	-	(4,107)
Final & Special dividend paid of 3.0 cents per ordinary share	-	-	-	-	(11,395)	(11,395)	-	(11,395)
Dividends distributed to minority shareholders	-	-	-	-	-	-	(12)	(12)
<b>At 31 December 2006</b>	101,050	-	(267)	1,707	10,379	112,869	273	113,142

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

# Consolidated Statement of Changes in Equity (Cont'd)

Year ended 31 December 2007

Group	Share capital \$'000	Currency translation reserve \$'000	Share option reserve \$'000	Accumulated profits \$'000	Total attributable to equity holders of the Company \$'000	Minority interests \$'000	Total equity \$'000
<b>At 1 January 2007</b>	101,050	(267)	1,707	10,379	112,869	273	113,142
Issue of 10,493,000 shares with 1,058,000 shares at \$0.43 per share, 1,797,000 shares at \$0.33 per share, 546,000 shares at \$0.285 per share, 1,314,000 shares at \$0.42 per share, 1,795,000 shares at \$0.51 per share, 1,679,000 shares at \$0.78 per share, 449,000 shares at \$0.32 per share, 195,000 shares at \$0.23 per share, 32,000 shares at \$0.185 per share, 205,000 shares at \$0.33 per share, 405,000 shares at \$0.42 per share, 788,000 shares at \$0.71 per share, 100,000 shares at \$0.30 per share, 100,000 shares at \$0.40 per share and 30,000 shares at \$0.68 per share upon the exercise of options under Raffles Medical Group Employees' Share Option Scheme	5,062	-	-	-	5,062	-	5,062
Issue of 50 million ordinary shares	65,000	-	-	-	65,000	-	65,000
Share issue expenses	(1,065)	-	-	-	(1,065)	-	(1,065)
Translation differences relating to financial statements of foreign subsidiaries	-	(67)	-	-	(67)	-	(67)
Net profit for the year	-	-	-	35,863	35,863	61	35,924
Total recognised income and expense for the year	-	(67)	-	35,863	35,796	61	35,857
Value of employee services received for issue of share options	-	-	914	-	914	-	914
Repayment of loan to minority shareholders	-	-	-	-	-	(100)	(100)
Interim Ordinary dividend paid of 1.0 cents per ordinary share	-	-	-	(5,144)	(5,144)	-	(5,144)
Final & Special dividend paid of 3.0 cents per ordinary share	-	-	-	(12,622)	(12,622)	-	(12,622)
Dividends distributed to minority shareholders	-	-	-	-	-	(10)	(10)
<b>At 31 December 2007</b>	170,047	(334)	2,621	28,476	200,810	224	201,034

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

# Consolidated Cash Flow Statement

Year ended 31 December 2007

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**RafflesMedicalGroup**

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	Note	2007 \$'000	2006 \$'000
<b>Operating activities</b>			
Profit before income tax		41,422	20,044
Adjustments for:			
Amortisation of intangible assets		51	51
Depreciation of property, plant and equipment		4,220	3,374
Equity-settled share-based payment transactions		914	584
Exchange gain		(110)	(162)
Finance expenses		376	109
Gain on disposal of equity securities held for trading		(147)	-
Interest income from fixed deposits and commercial notes		(1,820)	(1,705)
Loss on disposal of property, plant and equipment		-	7
Net change in fair value of equity securities held for trading		(43)	-
Property, plant and equipment written off		34	47
Share of profits in a jointly-controlled entity		(13,582)	(943)
		31,315	21,406
Changes in working capital:			
Inventories		(385)	(491)
Trade and other receivables		(3,588)	(4,491)
Trade and other payables		17,283	5,669
Cash generated from operations		44,625	22,093
Income taxes paid		(4,178)	(2,321)
Interest paid		(376)	(109)
<b>Cash flows from operating activities</b>		40,071	19,663
<b>Investing activities</b>			
Acquisition of a subsidiary, net of cash acquired	22	(64,002)	-
Acquisition of equity securities held for trading		(1,901)	-
Interest received		1,957	1,636
Investment in commercial notes		(32,750)	(54,500)
Proceeds from sale of commercial notes		47,000	53,250
Proceeds from sale of equity securities held for trading		1,387	-
Proceeds from sale of property, plant and equipment		-	39
Purchase of club memberships		(76)	-
Purchase of intangible asset		(152)	-
Purchase of property, plant and equipment		(4,286)	(2,300)
<b>Cash flows used in investing activities</b>		(52,823)	(1,875)
<b>Financing activities</b>			
Dividends paid		(17,766)	(15,502)
Dividends paid to minority shareholders of the subsidiary		(10)	(12)
Net proceeds from issue of ordinary shares		63,935	-
Proceeds from issue of shares under share option scheme		5,062	4,843
Repayment of bank loan		(60,332)	-
Repayment of loan to minority shareholders		(100)	-
<b>Cash flows used in financing activities</b>		(9,211)	(10,671)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(21,963)	7,117
Cash and cash equivalents at beginning of year		41,774	34,767
Effect of exchange rate changes on balances held in foreign currency		(67)	(110)
<b>Cash and cash equivalents at end of year</b>	11	19,744	41,774

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 16 February 2008.

## 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 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 6 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) and the Group's interest in a jointly-controlled entity.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

The financial statements have been prepared on the historical cost basis except for the following assets and liabilities which are measured at fair value: investment properties and certain financial assets and financial liabilities.

The 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.

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.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****2.1 Basis of preparation (Cont'd)**

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

- Note 4 – assumption of recoverable amount relating to goodwill impairment
- Note 13 – measurement of share-based payments

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

**2.2 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 the income statement in the period of the acquisition.

***Subsidiaries***

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights presently exercisable are taken into account. 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 where necessary to align them with the policies adopted by the Group.

***Jointly-controlled entities***

Jointly-controlled entities are those enterprises over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Jointly-controlled entities are accounted for using the equity method. The consolidated financial statements include the Group's share of the income, expenses and equity movements of jointly-controlled entities, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date it ceases. When the Group's share of losses exceeds its interest in a jointly-controlled entity, the carrying amount of that interest is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

***Transactions eliminated on consolidation***

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

***Accounting for subsidiaries and jointly-controlled entities by the Company***

Investments in subsidiaries and jointly-controlled entities are stated in the Company's balance sheet at cost less accumulated impairment losses.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****2.3 Foreign currencies*****Foreign currency transactions***

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting 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 on which the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the income statement, except for differences arising on the retranslation of monetary items that in substance form part of the Group's net investment in a foreign operation.

***Foreign operations***

Assets and liabilities of foreign operations are translated to Singapore dollars for consolidation at the exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates prevailing at the dates of the transactions. Foreign currency differences are recognised in the foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign exchange translation reserve is transferred to the income statement.

***Net investment in a foreign operation***

Exchange differences arising from monetary items that in substance form part of the Company's net investment in a foreign operation are recognised in the Company's income statement. Such exchange differences are reclassified to equity in the consolidated financial statements. When the foreign operation is disposed of, the cumulative amount in equity is transferred to the income statement as an adjustment to the profit or loss arising on disposal.

**2.4 Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and 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 asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. 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.

The cost of replacing 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 costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Depreciation on property, plant and equipment is provided on a straight-line basis over the estimated useful lives (or lease term if shorter).

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****2.4 Property, plant and equipment (Cont'd)**

The estimated useful lives are as follows:

Leasehold land	99 years
Leasehold properties	50 years
Medical equipment	8-10 years
Furniture and fittings	10 years
Office equipment	5-10 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, and adjusted as appropriate, at each reporting date.

**2.5 Intangible assets*****Assignment fees***

Assignment fees relate to amounts paid to secure the tenancy of certain clinic premises. Assignment fees are stated at cost less accumulated amortisation and impairment losses. Assignment fees are amortised and recognised in the income statement on a straight line basis over its estimated useful life of 10 years.

***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 and liabilities of the acquiree. Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in note 2.9.

**2.6 Investment properties**

Investment property is property held either to earn rental income or capital appreciation or both. It does not include properties for sale in the ordinary course of business, used in the production or supply of goods or services, or for administrative purposes.

Investment property is measured at fair value, with any change recognised in the income statement. Rental income from investment properties is accounted for in the manner described in note 2.12.

When the Group holds a property interest under an operating lease to earn rental income or capital appreciation, the interest is classified and accounted for as investment properties on a property-by-property basis. Lease payments are accounted for as described in note 2.8.

**2.7 Financial instruments*****Non-derivative financial instruments***

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, financial liabilities, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****2.7 Financial instruments (Cont'd)*****Non-derivative financial instruments (Cont'd)***

Cash and cash equivalents comprise cash balances and bank deposits. Bank overdrafts that are repayable on demand and that 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.

***Financial assets at fair value through profit or loss***

An instrument is classified as at fair value through profit or loss if it is acquired principally for the purpose of selling in the short term or is designated as such upon initial recognition. Financial instruments are designated as fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management and investment strategies. Upon initial recognition, attributable transaction costs are recognised in the income statement when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in the income statement.

***Held-to-maturity investments***

If the Group has the positive intent and ability to hold debt securities to maturity, they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

***Other***

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

***Impairment of financial assets***

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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 original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement. Impairment losses in respect of financial assets measured at amortised cost are reversed if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the income statement.

***Share capital***

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.

Where share capital recognised as equity is repurchased (treasury shares), the amount of the consideration paid, including directly attributable costs, net of any tax effects, is presented as a deduction from equity. Where such shares are subsequently reissued, sold or cancelled, the consideration received is recognised as a change in equity. No gain or loss is recognised in the income statement.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****2.8 Leases*****When entities within the Group are lessees of an operating lease***

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

***When entities within the Group are lessors of an operating lease***

Assets subject to operating leases are included in investment properties and are stated at fair value and not depreciated. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

**2.9 Impairment – non-financial assets**

The carrying amounts of the Group's non-financial assets, other than investment properties, 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, the assets' recoverable amounts are estimated. For goodwill, the recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

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 or cash-generating unit.

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.

**2.10 Inventories**

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

**2.11 Employee benefits*****Share-based payments***

The share option programme allows Group employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the vesting period during which the employees become unconditionally entitled to the options. At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****2.11 Employee benefits (Cont'd)*****Share-based payments (Cont'd)***

The proceeds received net of any directly attributable transactions costs are credited to share capital when the options are exercised.

***Defined contribution plans***

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

***Short-term benefits***

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

A provision is recognised for the amount 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.

**2.12 Revenue recognition*****Service revenue***

Revenue from services rendered is recognised in the income statement upon provision of healthcare, hospital and insurance services.

***Rental income from operating leases***

Rental income receivable under operating leases is recognised in the income statement 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 to be received. Contingent rentals are recognised as income in the accounting period in which they are earned.

**2.13 Finance expenses**

Finance expenses comprise interest expense on borrowings that is recognised in the income statement. All borrowing costs are recognised in the income statement using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

**2.14 Income tax expense**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income 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 using the balance sheet method, providing for 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 goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and joint ventures to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences 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.

Notes to the Financial Statements (Cont'd)

3 PROPERTY, PLANT AND EQUIPMENT

Group	Note	Leasehold land \$'000	Leasehold properties \$'000	Medical equipment \$'000	Furniture				Office equipment \$'000	Motor vehicles \$'000	Computers \$'000	Renovations \$'000	Facilities		
					fittings \$'000	equipment \$'000	vehicles \$'000	equipment \$'000					equipment \$'000	Total \$'000	
Cost															
At 1 January 2006		-	9,029	16,356	2,068	715	586	3,366	3,376	1,308				36,804	
Additions		-	-	936	200	18	52	576	308	210				2,300	
Disposals		-	-	(132)	(9)	(7)	(55)	(355)	(43)	-				(601)	
Translation differences on consolidation		-	-	(41)	(6)	(2)	-	(1)	(39)	-				(89)	
At 31 December 2006		-	9,029	17,119	2,253	724	583	3,586	3,602	1,518				38,414	
Additions		-	-	1,952	335	68	-	652	1,224	55				4,286	
Assets acquired															
in a business combination	22	83,012	47,588	-	-	-	-	-	-	-				130,600	
Disposals		-	-	(81)	(14)	(15)	-	(311)	(73)	-				(494)	
Translation differences on consolidation		-	-	(26)	(6)	(2)	-	(1)	(27)	-				(62)	
At 31 December 2007		83,012	56,617	18,964	2,568	775	583	3,926	4,726	1,573				172,744	
Accumulated depreciation															
At 1 January 2006		-	1,046	7,269	1,128	431	177	2,772	2,048	521				15,392	
Depreciation charge for the year		-	191	1,809	168	59	54	405	549	139				3,374	
Disposals		-	-	(114)	(5)	(6)	(16)	(352)	(15)	-				(508)	
Translation differences on consolidation		-	-	(20)	(2)	(2)	-	-	(11)	-				(35)	
At 31 December 2006		-	1,237	8,944	1,289	482	215	2,825	2,571	660				18,223	

### Notes to the Financial Statements (Cont'd)

#### 3 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group	Leasehold land \$'000	Leasehold properties \$'000	Furniture and fittings				Office equipment \$'000	Motor vehicles \$'000	Computers \$'000	Renovations \$'000	Facilities equipment \$'000	Total \$'000
			Medical equipment \$'000	Medical equipment \$'000	Medical equipment \$'000	Medical equipment \$'000						
<b>Accumulated depreciation</b>												
At 1 January 2007	-	1,237	8,944	1,289	482	215	2,825	2,571	660	18,223		
Depreciation charge for the year	295	463	1,948	183	62	56	473	585	155	4,220		
Disposals	-	-	(74)	(10)	(12)	-	(310)	(54)	-	(460)		
Translation differences on consolidation	-	-	(13)	(2)	(2)	-	-	(16)	-	(33)		
At 31 December 2007	295	1,700	10,805	1,460	530	271	2,988	3,086	815	21,950		
<b>Carrying amount</b>												
At 1 January 2006	-	7,983	9,087	940	284	409	594	1,328	787	21,412		
At 31 December 2006	-	7,792	8,175	964	242	368	761	1,031	858	20,191		
At 31 December 2007	82,717	54,917	8,159	1,108	245	312	938	1,640	758	150,794		

Leasehold properties of the Group with a carrying amount of \$130,032,000 (2006: \$Nil) are pledged as security to secure bank loans. The security has been discharged by the bank subsequent to year end.

## Notes to the Financial Statements (Cont'd)

### 3 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
<b>Cost</b>							
At 1 January 2006	1,378	1,154	555	531	1,888	2,532	8,038
Additions	62	116	16	52	318	40	604
Disposals	(85)	(17)	(19)	(100)	(349)	(9)	(579)
At 31 December 2006	1,355	1,253	552	483	1,857	2,563	8,063
Additions	66	61	55	-	407	138	727
Disposals	(11)	(20)	(32)	-	(275)	(39)	(377)
At 31 December 2007	1,410	1,294	575	483	1,989	2,662	8,413
<b>Accumulated depreciation</b>							
At 1 January 2006	712	700	328	161	1,486	1,796	5,183
Depreciation charge for the year	138	89	46	44	236	315	868
Disposals	(68)	(7)	(11)	(34)	(273)	(5)	(398)
At 31 December 2006	782	782	363	171	1,449	2,106	5,653
Depreciation charge for the year	124	85	46	46	244	291	836
Disposals	(9)	(13)	(21)	-	(274)	(29)	(346)
At 31 December 2007	897	854	388	217	1,419	2,368	6,143
<b>Carrying amount</b>							
At 1 January 2006	666	454	227	370	402	736	2,855
At 31 December 2006	573	471	189	312	408	457	2,410
At 31 December 2007	513	440	187	266	570	294	2,270

**3 PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

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

*Leasehold Properties*

Description/Location	Gross Floor Area (sq m)	Tenure	Group Carrying amount	
			2007 \$'000	2006 \$'000
HDB shop with living quarters located at Blk 283 Bishan St 22 #01-177 Singapore 570283, held for use as a primary healthcare clinic	135.0	99 years commencing from 1/2/1991	995	1,021
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	285	293
HDB shop unit, located at Blk 927 Yishun Central 1 #01-173 Singapore 760927, held for use as a primary healthcare clinic	76.0	99 years commencing from 1/9/1991	675	692
HDB shop with living quarters located at Blk 722 Ang Mo Kio Ave 8 #01-2825 Singapore 560722, held for use as a primary healthcare clinic	152.0	86 years commencing from 1/10/1993	1,384	1,420
HDB shop with living quarters located at Blk 131 Jurong East St 13 #01-267 Singapore 600131, held for use as a primary healthcare clinic	250.0	91 years commencing from 1/4/1993	1,736	1,779
HDB shop with living quarters located at Blk 177 Toa Payoh Central #01-170 Singapore 310177, held for use as a primary healthcare clinic	115.0	78 years commencing from 1/10/1992	1,085	1,111
HDB shop with living quarters located at Blk 479 Jurong West St 41 #01-266 Singapore 640479, held for use as a primary healthcare clinic	135.0	88 years commencing from 1/8/1995	581	595
HDB shop with living quarters located at Blk 203 Bedok North St 1 #01-467 Singapore 460203, held for use as a primary healthcare clinic	153.0	84 years commencing from 1/7/1992	861	881
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 1/3/1979	130,032	-
			<u>137,634</u>	<u>7,792</u>

\* Includes commercial space of 18,251.40 sq m classified as investment property.



**4 INTANGIBLE ASSETS**

Group	Assignment fees \$'000	Goodwill \$'000	Total \$'000
<b>Cost</b>			
At 1 January 2006 and 31 December 2006	612	-	612
Arising on acquisition of business	-	152	152
At 31 December 2007	612	152	764
<b>Accumulated amortisation</b>			
At 1 January 2006	355	-	355
Amortisation charge for the year	51	-	51
At 31 December 2006	406	-	406
Amortisation charge for the year	51	-	51
At 31 December 2007	457	-	457
<b>Carrying amount</b>			
At 1 January 2006	257	-	257
At 31 December 2006	206	-	206
At 31 December 2007	155	152	307
<b>Company</b>			<b>Goodwill \$'000</b>
<b>Cost and carrying amount</b>			
At 1 January 2006 and 31 December 2006			-
Arising on acquisition of business			152
At 31 December 2007			152

For the purpose of impairment testing of goodwill, the recoverable amount of the cash-generating unit was based on its value in use. The recoverable amount was assessed to be higher than its carrying amount.

**5 INVESTMENT PROPERTIES**

	Note	Group 2007 \$'000
At 1 January		-
Assets acquired in a business combination	22	84,400
At 31 December		84,400

Investment properties are stated at directors' valuation as at 31 December 2007. 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.

Valuations reflect, where 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.

**5 INVESTMENT PROPERTIES (Cont'd)**

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.

The leasehold properties of the Group are pledged as security to secure bank loans. The security has been discharged by the bank subsequent to year end.

**6 SUBSIDIARIES**

	<b>Company</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Investments in subsidiaries	17,863	17,863
Amounts due from subsidiaries (mainly non-trade)	184,787	57,010
	<u>202,650</u>	<u>74,873</u>

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:

<b>Name of subsidiary</b>	<b>Principal activities</b>	<b>Place of incorporation and business</b>	<b>Effective equity interest held by the Group</b>	
			<b>2007</b>	<b>2006</b>
			<b>%</b>	<b>%</b>
<sup>1</sup> Raffles Hospital Pte Ltd	Provision of general and specialised medical services and operation of a hospital	Singapore	100	100
<sup>1</sup> Raffles Diagnostica Pte Ltd	Operation of medical laboratory and imaging centre	Singapore	100	100
<sup>1</sup> Raffles Medical Properties Pte Ltd and its subsidiary :	Investment holding	Singapore	100	100
- <sup>1</sup> Raffles Hospital Properties Pte Ltd (formerly known as "CapitaLand-Raffles Properties Pte Ltd")	Property owner	Singapore	100	-
<sup>1</sup> Raffles International Medical Assistance Pte Ltd	Provision of medical evacuation and repatriation and provision of medical advisory services (currently inactive)	Singapore	100	100
<sup>3</sup> Raffles Medical Management Pte Ltd	Provision of business management and consultancy services (dormant)	Singapore	100	100
<sup>3</sup> Raffles SurgiCentre Pte Ltd	Provision of general and specialised medical services and operation of a hospital (dormant)	Singapore	100	100

**6 SUBSIDIARIES** (Cont'd)

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity interest held by the Group	
			2007 %	2006 %
<sup>1</sup> Raffles Japanese Clinic Pte Ltd	Operation of medical clinics and provision of medical services	Singapore	80	80
<sup>1</sup> Raffles Health Pte Ltd	Trading in pharmaceutical and nutraceutical products and diagnostic equipment	Singapore	100	100
<sup>1</sup> Aptitude (2003) Pte Ltd	Provision of advisory and consultancy services and developing IT solutions	Singapore	100	100
<sup>1</sup> Raffles Medical International Pte Ltd and its subsidiary:	Investment holding	Singapore	100	100
- <sup>2</sup> Raffles Medical Group (Hong Kong) Limited and its subsidiary:	Operation of medical clinics and provision of medical and dental treatment services	Hong Kong	100	100
- <sup>2</sup> Coors Consultants Limited	Provision of management services to medical practitioners and the trading of medicine on an indent basis (currently inactive)	Hong Kong	100	100
<sup>1</sup> International Medical Insurers Pte Ltd	Provision of health insurance	Singapore	100	100
<sup>3</sup> PT Raffles Medika Indonesia	Provision of hospital and healthcare management and consultancy services (currently inactive)	Indonesia	100 <sup>4</sup>	100 <sup>4</sup>
<sup>1</sup> Raffles Chinese Medicine Pte Ltd	Provision of general medical services, acupuncture and acupressure	Singapore	100	100
<sup>3</sup> Raffles Korean Clinic Pte Ltd	Operation of medical clinics and provision of medical services (dormant)	Singapore	100	100
<sup>3</sup> International Medical Investment Co., Ltd	Investment holding (dormant)	British Virgin Islands	100	-

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

KPMG Singapore is the auditor of all significant subsidiaries.

**7 JOINTLY-CONTROLLED ENTITY**

	<b>Group 2006 \$'000</b>
Investment at cost:	
- Ordinary shares	4,800
- Redeemable preference shares	51,570
Share of post-acquisition losses	(2,394)
	<u>53,976</u>

Details of the jointly-controlled entity are as follows:

Name of jointly-controlled entity	Principal activity	Place of incorporation and business	Effective equity held by the Group	
			2007 %	2006 %
<sup>1</sup> Raffles Hospital Properties Pte Ltd <sup>2</sup>	Property owner	Singapore	-	50

<sup>1</sup> Audited by KPMG Singapore.

<sup>2</sup> Formerly known as CapitaLand-Raffles Properties Pte Ltd.

The financial information of the Group's interests in the jointly-controlled entity is as follows:

	2006
	\$'000
<b>Assets and liabilities</b>	
Non-current assets	95,454
Current assets	884
Total assets	96,338
Current liabilities	(42,362)
Non-current liability	-
Total liabilities	(42,362)
	2007
	\$'000
	2006
	\$'000
<b>Results</b>	
Revenue	15,612
Expenses	(2,030)
Profit before taxation	13,582
Taxation	(92)
Profit after taxation	13,490

Revenue for the year includes an amount of \$12,500,000 relating to changes in fair value of the investment property.

On 28 September 2007, the Group acquired the remaining 50% interest in Raffles Hospital Properties Pte Ltd ("RHP") for \$67,466,000 in cash. Subsequent to the acquisition, RHP became a wholly-owned subsidiary of the Group. The effects of the acquisition are described in note 22.

## Notes to the Financial Statements (Cont'd)

### 8 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 2006 \$'000	Charged/ (credited) to income statement (Note 19) \$'000	Transfer under Group Relief Scheme \$'000	Exchange differences \$'000	At 31 December 2006 \$'000	Acquisition of subsidiary (Note 22) \$'000	Charged/ (credited) to income statement (Note 19) \$'000	Transfer under Group Relief Scheme \$'000	Exchange differences \$'000	At 31 December 2007 \$'000
<b>Deferred tax liabilities</b>										
Property, plant and equipment	1,689	-	-	-	1,689	-	(324)	-	-	1,365
<b>Deferred tax assets</b>										
Property, plant and equipment	-	-	-	-	-	(722)	314	-	-	(408)
Tax value of loss carry-forward	(451)	(170)	71	66	(484)	-	(137)	233	(61)	(449)
Tax value of unabsorbed wear and tear allowances	(1,065)	6	-	-	(1,059)	-	398	-	-	(661)
Other items	(305)	(89)	-	-	(394)	-	(31)	-	-	(425)
	(1,821)	(253)	71	66	(1,937)	(722)	544	233	(61)	(1,943)



**8 DEFERRED TAX (Cont'd)**

Company	At 1 January 2006 \$'000	Charged/ (credited) to income statement \$'000	At 31 December 2006 \$'000	Charged/ (credited) to income statement \$'000	At 31 December 2007 \$'000
<b>Deferred tax liabilities</b>					
Property, plant and equipment	283	(16)	267	(49)	218
<b>Deferred tax assets</b>					
Other items	(108)	(24)	(132)	35	(97)

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	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Deferred tax liabilities	737	746	121	135
Deferred tax assets	(1,315)	(994)	-	-

The following temporary differences have not been recognised:

	Group	
	2007 \$'000	2006 \$'000
Tax losses	1,373	1,306

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.

**9 INVESTMENT IN COMMERCIAL NOTES**

	Group		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>Current investments – amortised cost</b>				
Investment in commercial notes held-to-maturity	-	14,250	-	7,500

The effective interest rate per annum relating to investment in commercial notes of the Group and Company for the year ended 31 December 2006 were 3.52% and 3.5% respectively.

Interest rates repriced at intervals of three months.

**10 TRADE AND OTHER RECEIVABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade receivables	19,141	15,313	7,989	6,407
Allowance for doubtful receivables	(2,386)	(1,680)	(376)	(383)
Net receivables	16,755	13,633	7,613	6,024
Deposits	946	805	675	604
Prepayments	1,532	1,179	838	332
Loans to directors				
- Directors of subsidiaries	227	287	227	287
Staff loans	220	366	213	366
Other receivables	551	385	14	120
Amounts due from subsidiaries:				
- trade	-	-	307	1,990
- non-trade (see note below)	-	-	-	2,040
Amounts due from related parties:				
- trade	-	106	-	-
	20,231	16,761	9,887	11,763
Amounts due from subsidiaries:				
- non-trade			2,100	4,140
Allowance for doubtful receivables			(2,100)	(2,100)
Net receivables			-	2,040

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.

**Impairment losses**

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

	<b>Gross</b>	<b>Impairment</b>	<b>Gross</b>	<b>Impairment</b>
	<b>2007</b>	<b>losses</b>	<b>2006</b>	<b>losses</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Group</b>				
Not past due	6,822	-	7,326	14
Past due 0 – 30 days	5,001	1	3,792	35
Past due 31 – 365 days	6,162	1,348	3,681	1,123
More than one year	1,156	1,037	514	508
	19,141	2,386	15,313	1,680
<b>Company</b>				
Not past due	3,294	-	3,641	14
Past due 0 – 30 days	2,654	-	1,560	16
Past due 31 – 365 days	1,947	292	1,127	276
More than one year	94	84	79	77
	7,989	376	6,407	383

**10 TRADE AND OTHER RECEIVABLES (Cont'd)****Impairment losses (Cont'd)**

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

	Group		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
At 1 January	1,680	1,214	383	438
Impairment loss recognised	1,114	623	16	22
Impairment loss utilised	(408)	(157)	(23)	(77)
At 31 December	2,386	1,680	376	383

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.

**11 CASH AND CASH EQUIVALENTS**

Note	Group		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Fixed deposits	16,070	39,841	6,360	35,113
Cash at bank and in hand	3,674	2,105	863	634
	19,744	41,946	7,223	35,747
Bank overdrafts (unsecured)	-	(172)	-	-
Cash and cash equivalents in the cash flow statement	19,744	41,774	7,223	35,747

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 2.14% (2006: 3.28%) and 1.85% (2006: 3.23%) respectively.

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

**12 SHARE CAPITAL**

Note	2007 No. of shares ( <sup>'000</sup> )	2006 No. of shares ( <sup>'000</sup> )
<b>Issued and fully-paid:</b>		
At 1 January	412,545	400,348
Issue of bonus shares	42,073	-
Issue of ordinary shares	50,000	-
Issue of shares under share option scheme	10,493	12,197
	515,111	412,545

A bonus issue of 42,073,000 shares was made by the Company in May 2007 to existing shareholders, in the proportion of one share for every ten shares held.

A placement issue of 50,000,000 fully paid ordinary shares at \$1.30 each was made by the Company on 29 June 2007.

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 13.

**12 SHARE CAPITAL (Cont'd)**

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.

**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.

**13 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.

**13 EMPLOYEE SHARE OPTIONS (Cont'd)**

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

	Weighted average exercise price 2007 \$	No. of options 2007 (‘000)	Weighted average exercise price 2006 \$	No. of options 2006 (‘000)
At 1 January	0.526	23,238	0.410	28,693
Granted	1.150	4,062	0.780	7,974
Cancelled/lapsed	0.710	(880)	0.692	(1,232)
Exercised	0.482	(10,493)	0.397	(12,197)
At 31 December	0.618	15,927	0.526	23,238
Exercisable at 31 December	0.558	9,999	0.411	14,694

Options exercised in 2007 resulted in 10,493,000 ordinary shares being issued at a weighted average exercise price of \$0.482 each. Options were exercised on a regular basis throughout the year. The weighted average share price during the year was \$1.38 per share.

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

Date of grant of options	Expiry date	Exercise price		Options outstanding	
		2007 \$	2006 \$	2007 (‘000)	2006 (‘000)
15/2/2001	14/2/2011	0.320	0.430	1,608	3,206
8/4/2002	7/4/2007	-	0.330	-	715
8/4/2002	7/4/2012	0.230	0.330	1,024	2,487
31/3/2003	30/3/2008	0.160	0.285	400	619
31/3/2003	30/3/2013	0.185	0.285	752	1,135
1/4/2004	31/3/2009	0.300	0.420	337	462
1/4/2004	31/3/2014	0.330	0.420	1,164	2,658
1/4/2005	31/3/2010	0.400	0.510	360	460
1/4/2005	31/3/2015	0.420	0.510	2,226	4,517
3/4/2006	2/4/2011	0.680	0.780	580	610
3/4/2006	2/4/2016	0.710	0.780	3,764	6,369
2/4/2007	1/4/2012	1.140	-	240	-
2/4/2007	1/4/2017	1.150	-	3,472	-
				15,927	23,238

The exercise price of the share options was revised to reflect the effect of the one-for-ten bonus issue that was made by the Company during the year.

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.



**13 EMPLOYEE SHARE OPTIONS (Cont'd)**

Date of grant of options	2/4/2007	3/4/2006
--------------------------	----------	----------

*Fair value of share options and assumptions*

Fair value at measurement date	\$0.25	\$0.10
Share price	\$1.210	\$0.780
Exercise price	\$1.210	\$0.780
Expected volatility	28.9%	24.9%
Expected option life	10 years	10 years
Expected dividend yield	4.4%	5.5%
Risk-free interest rate	3.3%	3.0%

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.

**14 RESERVES**

	Group		Company	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Currency translation reserve	(334)	(267)	-	-
Share option reserve	2,621	1,707	1,361	899
Accumulated profits	28,476	10,379	13,551	8,498
	30,763	11,819	14,912	9,397

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.

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

The accumulated profits of the Group as at 31 December 2006 included accumulated losses of \$2,394,000 attributable to a jointly-controlled entity.

**15 TRADE AND OTHER PAYABLES**

	Group		Company	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Trade payables and accrued operating expenses	41,012	27,332	11,077	9,838
Trade amounts due to:				
- related parties	46	46	46	46
- subsidiaries	-	-	21,728	7,206
Non-trade amounts due to subsidiaries	-	-	699	699
Deferred income	2,035	1,834	-	-
Deposits received	3,645	268	-	-
Other payables	978	533	447	418
	47,716	30,013	33,997	18,207

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

**16 INTEREST-BEARING LIABILITIES**

		Group		Company	
	Note	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>Current liabilities</b>					
Unsecured bank overdrafts	11	-	172	-	-
Unsecured bank loans		1,711	1,822	1,711	1,822
Secured bank loan*		23,549	-	-	-
Total borrowings		25,260	1,994	1,711	1,822

\* Subsequent to year end, the bank loan was re-financed as an unsecured bank loan.

**Terms and debt repayment schedule**

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

Group	Effective interest rate %	Floating interest rate \$'000	Fixed interest rate maturing within 1 year \$'000	Total \$'000
<b>2007</b>				
HK\$ fixed rate term loan	5.55	-	1,711	1,711
Secured bank loan	2.44 – 2.88	-	23,549	23,549
		-	25,260	25,260
<b>2006</b>				
HK\$ fixed rate term loan	5.25	-	1,822	1,822
Bank overdrafts	9.07	172	-	172
		172	1,822	1,994
<b>Company</b>				
<b>2007</b>				
HK\$ fixed rate term loan	5.55	-	1,711	1,711
<b>2006</b>				
HK\$ fixed rate term loan	5.25	-	1,822	1,822

**17 PROFIT FOR THE YEAR**

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

	Group	
	2007 \$'000	2006 \$'000
Contingent rents	1,031	787
Contributions to defined contribution plans, included in staff costs	5,372	4,138
Exchange gain	(110)	(162)
Interest income from fixed deposits and commercial notes	(1,820)	(1,705)
Loss on disposal of property, plant and equipment	-	7
Non-audit fees paid to auditors of the Company	38	22
Property, plant and equipment written off	34	47
Allowance for doubtful receivables	1,114	623
Value of employee services received for issue of share options, included in staff costs	914	584
Gain on disposal of equity securities held for trading	(147)	-
Change in fair value of equity securities held for trading	(43)	-

**18 FINANCE EXPENSES**

	Group	
	2007	2006
	\$'000	\$'000
Interest paid and payable on:		
- bank loans	376	89
- bank overdrafts	-	20
	<u>376</u>	<u>109</u>

**19 INCOME TAX EXPENSE**

	Group	
Note	2007	2006
	\$'000	\$'000
<b>Current tax expense</b>		
Current year	5,186	4,576
Over provided in prior years	-	(13)
	<u>5,186</u>	<u>4,563</u>
<b>Deferred tax expense</b>		
Movements in temporary differences	281	(283)
Reversal of deferred tax asset	-	15
(Over)/Under provided in prior years	(61)	15
	<u>220</u>	<u>(253)</u>
Share of tax of jointly-controlled entity	7 92	(33)
<b>Income tax expense</b>	<u>5,498</u>	<u>4,277</u>
<b>Reconciliation of effective tax rate</b>		
Profit before income tax	<u>41,422</u>	<u>20,044</u>
Tax calculated using Singapore corporate tax rate of 18% (2006: 20%)	7,456	4,009
Effect of reduction in tax rates	25	-
Effect of different tax rates in other countries	-	26
Expenses not deductible for tax purposes	424	255
Income not subject to tax	(2,378)	(263)
(Over)/Underprovided in prior years	(61)	2
Tax rebate	(9)	(46)
Reversal of deferred tax in respect of prior years	-	15
Tax effect of unrecognised tax losses	-	130
Others	41	149
	<u>5,498</u>	<u>4,277</u>

**20 EARNINGS PER SHARE**

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Basic earnings per share is based on :		
Net profit attributable to ordinary shareholders	35,863	15,713

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>No. of shares</b>	<b>No. of shares</b>
	<b>('000)</b>	<b>('000)</b>
		<b>Restated*</b>
Issued ordinary shares at beginning of the year	453,800	440,383
Effect of the new placement of shares	25,479	-
Effect of share options exercised	7,970	8,139
Weighted average number of ordinary shares	487,249	448,522

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Diluted earnings per share is based on:		
Net profit attributable to ordinary shareholders	35,863	15,713

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 and contingently issuable shares, with the potential ordinary shares weighted for the period outstanding.

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

	<b>2007</b>	<b>2006</b>
	<b>No. of shares</b>	<b>No. of shares</b>
	<b>('000)</b>	<b>('000)</b>
		<b>Restated*</b>
Weighted average number of:		
Ordinary shares used in the calculation of basic earnings per share	487,249	448,522
Potential ordinary shares issuable under share options	8,443	8,635
Weighted average number of ordinary issued and potential shares assuming full conversion	495,692	457,157

\* Comparative information for the previous year have been restated to account for the one-for-ten bonus issue that was made by the Company during the year.

**21 SEGMENT REPORTING**

Segment information is presented in respect of the Group's business and geographical segments.

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 corporate assets and expenses, interest income, interest expenses and related assets and liabilities.

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.

Segment information by geographical segments is not presented as the Group's business in operations outside Singapore is not significant.

The Group comprises the following main business 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 : | The investment in a jointly-controlled entity and investment holding.                                                                                                                                                                     |

## Notes to the Financial Statements (Cont'd)

### 21 SEGMENT REPORTING (Cont'd)

#### Business Segments

	Healthcare services		Hospital services		Investment holdings		Eliminations		Total operations	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue and expenses</b>										
Revenue from external customers	69,658	60,676	98,988	73,519	13	53	-	-	168,659	134,248
Inter-segment revenue	75	302	7,329	5,664	2,858	498	(10,262)	(6,464)	-	-
Total revenue	69,733	60,978	106,317	79,183	2,871	551	(10,262)	(6,464)	168,659	134,248
Segment results	6,350	6,058	19,775	12,932	2,091	220			28,216	19,210
Finance costs									(376)	(109)
Share of profit in a jointly-controlled entity	-	-	-	-	13,582	943	-	-	13,582	943
Income tax expense									(5,498)	(4,277)
Profit for the year									35,924	15,767
<b>Assets and liabilities</b>										
Segment assets	237,976	146,982	53,830	37,053	348,285	8,003	(359,944)	(95,172)	280,147	96,866
Investment in jointly-controlled entity	-	-	-	-	-	53,976	-	-	-	53,976
Deferred tax assets									1,315	994
Total assets									281,462	151,836
Segment liabilities	50,249	33,441	32,253	15,891	210,617	62,791	(220,143)	(80,116)	72,976	32,007
Current and deferred tax liabilities									7,452	6,687
Total liabilities									80,428	38,694



## Notes to the Financial Statements (Cont'd)

### 21 SEGMENT REPORTING (Cont'd)

#### Business Segments (Cont'd)

	Healthcare services		Hospital services		Investment holdings		Eliminations		Total operations	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>Other segment information</b>										
Capital expenditure	1,112	839	3,174	1,461	-	-	-	-	4,286	2,300
Depreciation of property, plant and equipment	1,136	1,160	2,326	2,024	190	190	568	-	4,220	3,374
Amortisation of intangible assets	-	-	-	-	51	51	-	-	51	51
Other non-cash expenses	110	54	1,038	603	-	20	-	-	1,148	677

**22 ACQUISITION OF A SUBSIDIARY**

On 28 September 2007, the Group acquired the remaining 50% shareholdings in RHP for \$67,466,000 in cash. The company is engaged in property rental. In the three months to 31 December 2007, the company contributed a net profit of \$1,431,780 to the consolidated net profit for the year. If the acquisition had occurred on 1 January 2007, Group revenue would have been \$168,659,000 and net profit would have been \$49,414,000.

The effect of acquisition of the subsidiary is set out below:

	Note	Recognised values 2007 \$'000
Property, plant and equipment	3	130,600
Deferred tax assets	8	722
Investment properties	5	84,400
Trade and other receivables		66
Cash and cash equivalents		3,464
Trade and other payables		(438)
Bank loans (secured)		(83,882)
Net identifiable assets and liabilities		134,932
Interest in jointly-controlled entity		(67,466)
Cash consideration paid, satisfied in cash		67,466
Cash acquired		(3,464)
Net cash outflow		64,002

Pre-acquisition carrying amounts were determined based on applicable FRSs immediately before the acquisition. The values of assets, liabilities, and contingent liabilities recognised on acquisition are their estimated fair values.

**23 FINANCIAL RISK MANAGEMENT****Overview**

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

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

**Credit risk**

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

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.

**23 FINANCIAL RISK MANAGEMENT (Cont'd)*****Credit risk (Cont'd)***

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***

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.

***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.

***Foreign 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.

***Estimation of fair values***

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

***Investment in securities and debt securities***

The fair value of financial assets at fair value through profit and loss, held-to-maturity investments and available-for-sale financial assets is determined by reference to their quoted bid prices at the reporting date.

***Other financial assets and liabilities***

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.

**24 COMMITMENTS****Operating lease commitments**

At 31 December 2007, the Group and the Company have commitments for future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Payable:				
- Within 1 year	3,352	5,424	2,908	3,102
- After 1 year but within 5 years	4,699	3,368	4,380	3,162
	<u>8,051</u>	<u>8,792</u>	<u>7,288</u>	<u>6,264</u>

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

**Lease receivables**

At 31 December 2007, the Group has future minimum lease and sub-lease income receivables under non-cancellable operating leases as follows:

	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Receivable:		
- Within 1 year	974	1,335
- After 1 year but within 5 years	4,152	668
- After 5 years	4,853	-
	<u>9,979</u>	<u>2,003</u>

**Proposed dividends**

After the balance sheet date, the Directors proposed the following dividends:

	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Final dividend proposed of 1.5 cents (2006: 2.0 cents) per share (tax exempt)	7,727	8,251
Special dividend proposed of Nil cent (2006: 1.0 cents) per share (tax exempt)	-	4,125
	<u>7,727</u>	<u>12,376</u>

These dividends have not been provided for.

**25 CONTINGENT LIABILITIES (SECURED)**

As at 31 December 2007, the Company had given bank guarantees (secured) amounting to \$23,549,000 in respect of credit facilities extended to a subsidiary. Subsequent to year end, the banker's guarantees has been fully discharged by the bank.

As at 31 December 2006, the Company had given bank guarantees (secured) amounting to \$41,941,000 in respect of credit facilities extended to a jointly-controlled entity.

**26 KEY MANAGEMENT PERSONNEL COMPENSATION**

The key management personnel compensation are as follows:

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Directors' remuneration included in staff costs:		
- the Company	5,326	3,079
- the subsidiaries	2,095	2,514
Directors' fees		
- the Company	110	110
- the subsidiaries	60	12
Equity compensation benefits	136	113
	<u>7,727</u>	<u>5,828</u>

**27 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.

Other than disclosed elsewhere in the financial statements, the transactions with related parties are as follows:

	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Operating lease expense	<u>6,191</u>	<u>6,556</u>

**Transactions with key management personnel**

Directors also participate in the Employee Share Option Scheme. 200,000 (2006: 450,000) 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 13. At the balance sheet date, 1,650,000 (2006: 2,350,000) of the share options granted to the directors of the Company were outstanding.

**28 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED**

The Group has not applied the following accounting standards and interpretations that have been issued as of the balance sheet date but are not yet effective:

- FRS 23 Borrowing Costs
- FRS 108 Operating Segments
- INT FRS 111 FRS 102 Group and Treasury Share Transactions
- INT FRS 112 Service Concession Arrangements

FRS 108 will become effective for financial statements for the year ending 31 December 2009. FRS 108, which replaces FRS 14 Segment Reporting, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Currently, the Group presents segment information in respect of its business segments (see note 21). The segment information presented by the Group is consistent with the requirements of FRS 108.

The initial application of these standards and interpretations is not expected to have any material impact on the Company's financial statements. The Company has not considered the impact of accounting standards issued after the balance sheet date.

## Shareholdings Statistics

As at 12 March 2008

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**RafflesMedicalGroup**

ANNUAL REPORT 2007

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 12 March 2008, approximately 46.17% 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	316	4.93	103,429	0.02
1,000 – 10,000	4,778	74.55	17,380,079	3.37
10,001 – 1,000,000	1,296	20.22	46,421,645	9.00
1,000,001 and above	19	0.30	451,804,240	87.61
	6,409	100.00	515,709,393	100.00



## TOP 20 SHAREHOLDERS

No.	Name	No. of Shares	%
1	Raffles Medical Holdings Pte Ltd	173,197,700	33.58
2	Loo Choon Yong	50,511,000	9.79
3	DBS Nominees Pte Ltd	38,415,760	7.45
4	DBSN Services Pte Ltd	31,500,000	6.11
5	HSBC (Singapore) Nominees Pte Ltd	30,566,900	5.93
6	V-Sciences Investments Pte Ltd	25,000,000	4.85
7	Citibank Nominees Singapore Pte Ltd	19,947,000	3.87
8	United Overseas Bank Nominees Pte Ltd	18,152,800	3.52
9	Lu Qing Hui	17,600,000	3.41
10	UOB Nominees (2006) Pte Ltd	17,000,000	3.30
11	Morgan Stanley Asia (S) Secs Pte Ltd	6,849,500	1.33
12	Asian Medical Foundation Ltd	4,200,000	0.81
13	Tan Tiang Lee	3,333,000	0.65
14	Yii Hee Seng	3,274,000	0.63
15	Raffles Nominees Pte Ltd	3,055,200	0.59
16	Yang Ching Yu	3,037,000	0.59
17	Kwok Wai Ling	2,443,700	0.47
18	OCBC Nominees Singapore Pte Ltd	2,098,180	0.41
19	Royal Bank Of Canada (Asia) Ltd	1,622,500	0.31
20	Shek Chee Keong	972,400	0.19
		<u>452,776,640</u>	<u>87.79</u>

## SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	%	Deemed Interest	%
Dr Loo Choon Yong	50,626,000	9.82	207,181,898	40.17
Raffles Medical Holdings Pte Ltd	206,697,700	40.08		

NOTICE IS HEREBY GIVEN that the 19<sup>th</sup> Annual General Meeting of the Company will be held at 585 North Bridge Road, Raffles Hospital #11-00, Singapore 188770 on Monday, 28 April 2008 at 3.00 pm to transact the following business:

**AS ORDINARY BUSINESS**

1. To receive and adopt the Audited Accounts for the year ended 31 December 2007 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 1.5 cents for the year ended 31 December 2007. **(Resolution 2)**
3. To approve Directors' fees (\$110,000) for the year ended 31 December 2007 (2006:\$110,000). **(Resolution 3)**
4. To re-elect Professor Lim Pin who is retiring under Article 93 of the Articles of Association of the Company. **(Resolution 4)**
5. 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 5)**
6. To re-appoint KPMG as Auditors and authorise Directors to fix their remuneration. **(Resolution 6)**
7. To transact any other business which may be properly transacted at an Annual General Meeting. **(Resolution 7)**

**AS SPECIAL BUSINESS**

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

8. 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) issue shares 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 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% of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed 20% of the total number of issued shares excluding treasury shares 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 subparagraph (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 8)**

**9. Authority to allot and issue shares under the Raffles Medical Group (2000) Share Option Scheme**

That the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the provisions of the Raffles Medical Group (2000) Share Option Scheme (the "Scheme") and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of such options under the Scheme, provided that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed 15% of the total issued share capital, excluding treasury shares, of the Company from time to time.

**(Resolution 9)**

NOTICE IS ALSO HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 8 May 2008, 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 pm on 7 May 2008 be registered to determine shareholders' entitlements to the final dividend. The proposed dividend, if approved at the Annual General Meeting, will be paid on 20 May 2008.

**BY ORDER OF THE BOARD**

**Tay Kim Choon Kimmy**  
Company Secretary

Singapore, 11 April 2008

**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.

## Proxy Form

### RAFFLES MEDICAL GROUP LTD

Company Registration No. 198901967K

#### IMPORTANT

1. For investors who have used their CPF monies to buy Raffles Medical Group Ltd shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominee and is sent solely 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/member of the above mentioned Company hereby appoint

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

Add/or (delete as appropriate)

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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 Monday 28 April 2008 at 3.00 pm and at any adjournment thereof.

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

No.	ORDINARY BUSINESS	FOR	AGAINST
1	Adoption of Audited Accounts (Resolution 1)		
2	Declaration of Final Dividend (Resolution 2)		
3	Approval of Directors' Fees (Resolution 3)		
4	Re-election of Professor Lim Pin in accordance with Article 93 of the Articles of Association of the Company (Resolution 4)		
5	Re-election of Professor Lim Pin retiring under Section 153(6) of the Companies Act (Resolution 5)		
6	Re-appointment of KPMG as Auditors (Resolution 6)		
	<b>SPECIAL BUSINESS</b>		
7	Authority to allot and issue shares (Resolution 8)		
8	Authority to allot and issue shares under the Raffles Medical Group (2000) Share Option Scheme (Resolution 9)		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2008

Total Number of  
Shares Held

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

1

**Affix  
Stamp  
Here  
Please**

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

2nd Fold Here

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

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

A corporation which is a member may authorise by a resolution of its directors or other governing body such person as it thinks fit to act as its representative at the 19<sup>th</sup> Annual General Meeting, in accordance with Section 161 of the Companies Act (Cap. 50) of Singapore.

3rd Fold Here

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





## ***RafflesMedicalGroup***

Company Registration No. 198901967K

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Raffles Hospital #11-00  
Singapore 188770  
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