



**Raffles Medical Group**

585 North Bridge Road,  
Raffles Hospital #11-00,  
Singapore 188770  
Tel: (65) 6311 1111  
Fax: (65) 6338 1318  
[www.raflesmedical.com](http://www.raflesmedical.com)

# content:

Key Corporate Statistics	02
Corporate Profile	04
Chairman's Message	10
Board of Directors	12
Senior Management	13
Operations Review	14
Corporate Information	22
Professional Governance	23
Corporate Governance	25
Directors' Report	33
Statement by Directors	40
Auditors' Report	41
Balance Sheets	42
Consolidated Profit & Loss Account	43
Consolidated Statement of Changes in Equity	44
Consolidated Statement of Cash Flows	46
Notes to the Financial Statements	47
Shareholdings Statistics	77
Notice of AGM	79
Proxy Form	81

Key Corporate Statistics	02
Corporate Profile	04
Chairman's Message	10
Board of Directors	12
Senior Management	13
Operations Review	14
Corporate Information	22
Professional Governance	23
Corporate Governance	25
Directors' Report	33
Auditors' Report	40
Balance Sheets	41
Consolidated Profit & Loss Accounts	42
Consolidated Statement of Changes in Equity	43
Consolidated Statement of Cash Flows	44
Notes to the Financial Statements	46
Shareholdings Statistics	77
Notice of AGM	79
Proxy Form	81

Cover:

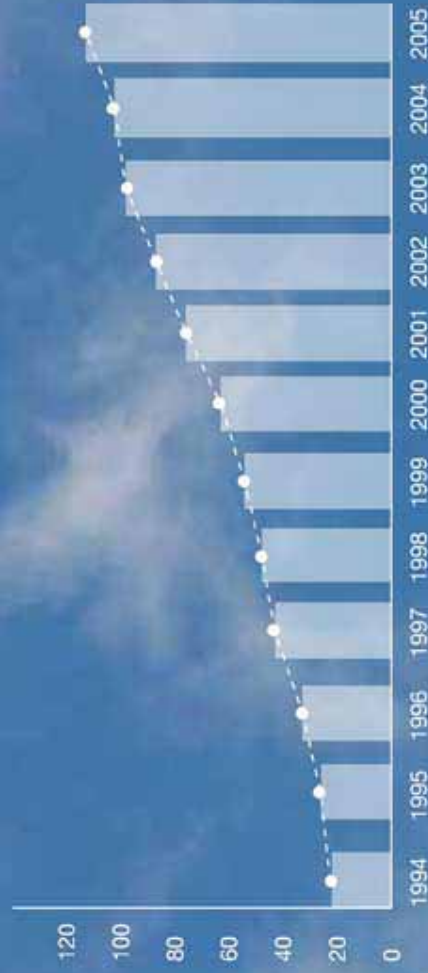
Senior Family Physician Dr Ching Shih Kiat,  
enjoys family time with daughter  
Sheryl Ching Shih Hui.



## Key Corporate Statistics

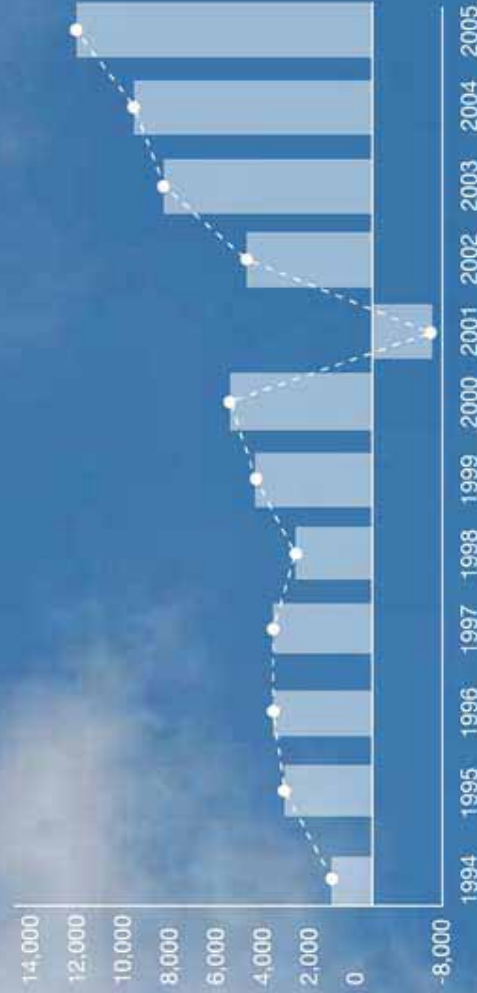
### Financial Analysis

Group Turnover  
S\$million



### Financial Analysis

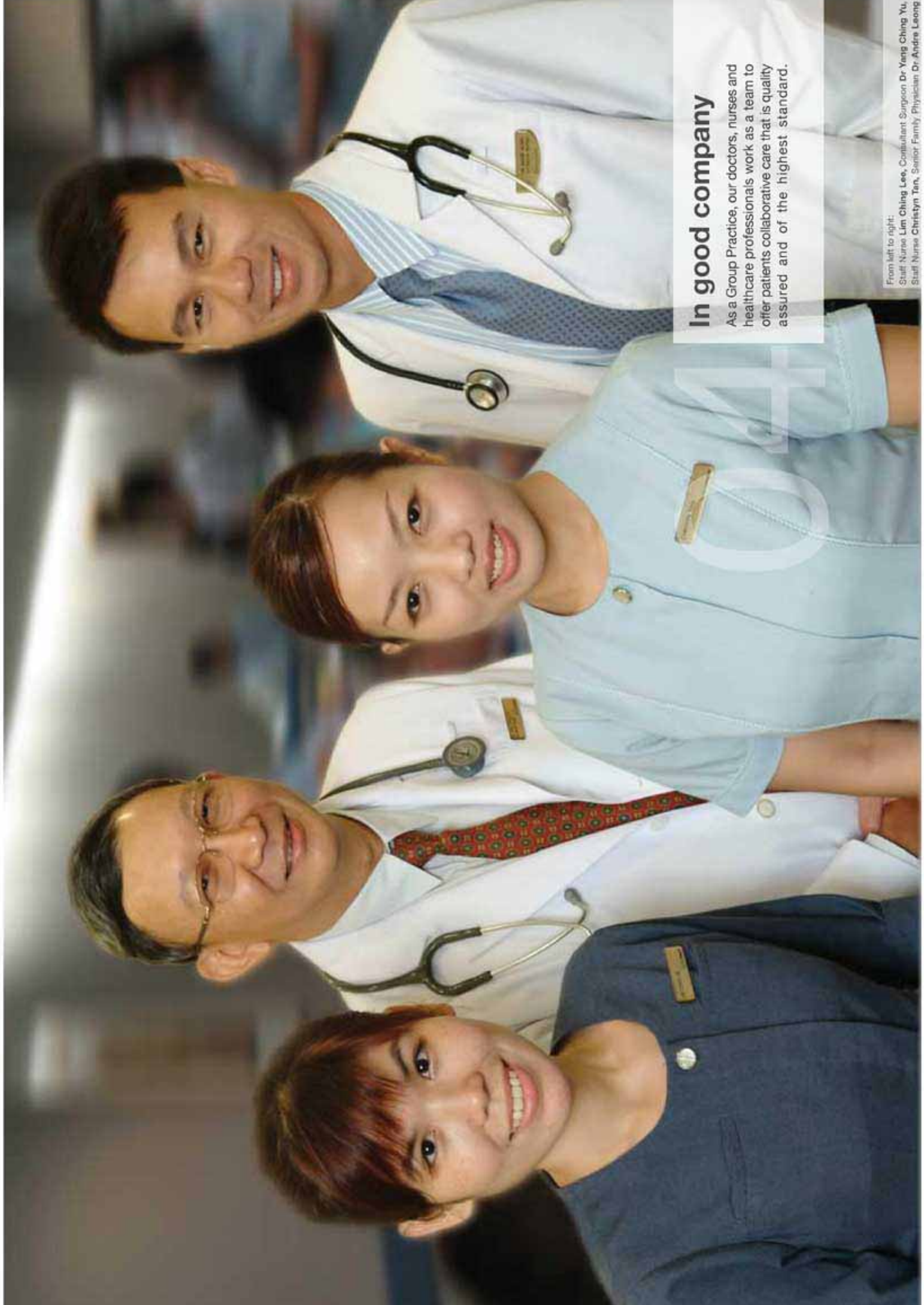
Group Profit After Tax  
S\$'000



For FY2001, the PAT included Raffles Hospital's maiden year loss, one-time investment write-off and provision for revaluation deficit on the Hospital and some clinic properties.

### Highlights of 2005 Performance

- > Profit after tax grew 26.9% to S\$12 million - a record in 30 years
- > Hospital Services division's profit after tax surged 134.4%
- > Group achieved 11.3% growth in revenue to S\$112.9 million
- > Raffles Hospital recorded highest number of patient visits since opening in 2001, with patients from more than 100 countries



**In good company**

As a Group Practice, our doctors, nurses and healthcare professionals work as a team to offer patients collaborative care that is quality assured and of the highest standard.

From left to right:  
Staff Nurse Lim Ching Lee, Consultant Surgeon Dr Yang Ching Yu,  
Staff Nurse Christyn Tan, Senior Family Physician Dr Andre Leong



## In good hands

We are committed to providing compassionate care in an environment that is restful and aesthetically pleasing. Patients only need to concentrate on getting well - and they do so in style and comfort.

## In good stead

From flu treatment to heart surgery and renal transplants - we are organised to handle all our patients' medical needs from the simple and common to the most complex and rare.

08



Dear Shareholders,

We celebrate our 30<sup>th</sup> Anniversary this year.

Since our humble beginnings with two clinics in the CBD in 1976, we have grown into the integrated healthcare organisation we are today. Raffles Medical Group has grown in breadth, depth and size, as reflected in the 470 fold growth in turnover and 600 fold increase in profits over the past 30 years.

Our growth story continues today. It is made possible because we have physicians, nurses and healthcare managers who are extremely competent, compassionate and who use their talents, skills, learning and experience for the benefit of all our patients. These are Raffles' core competencies which have allowed us to deliver the best total healthcare at the best value to people in Singapore and Asia. Our mission and our unique Group Practice model distinguish us from other healthcare companies in the region. The cumulative strength and sustainability of this model will be even more evident in years to come.

#### **The Year 2005**

We have done well this year. Our team achieved an unprecedented profit after tax of \$12 million. Group revenue was an all time high of \$112.9 million. With Raffles Hospital recording its highest patient numbers since its opening in 2001, profit growth for the Hospital surged 134.4%. Revenue from foreign patients – who come from more than 100 countries – grew by 50%. The Hospital will continue to contribute strongly to the Group's performance as more local and foreign patients choose to receive their care from the Hospital. Healthcare Services division will continue to contribute positively as the Singaporean economy strengthens. International Medical Insurers, our insurance subsidiary, is expected to do better in its second year of operations.

#### **Regional Expansion**

The Group is actively seeking opportunities in the region and will consider growth through acquisition or green field projects. We are upgrading our Jakarta office into a medical centre. This will provide our Indonesian patients, their families and friends more convenient access to our brand of healthcare.

#### **The Next 30 Years**

For us to continue our growth path, we will ensure that our core values are preserved and strengthened. We must also maintain our tradition of sound, prudent financial management and stewardship.

We need to identify physicians, nurses and healthcare managers with the right traits, imbue them with the Raffles spirit and values, groom and develop them so that they will continue to provide the right leadership for the organisation.

We need to retain and reinforce our ability to respond swiftly to future challenges and threats, just as we have responded to the SARS crisis in 2003.

#### **A Vote of Thanks**

I thank the Board of Directors of the Group and subsidiaries for their invaluable support, advice and wise counsel all these years and as we take the Group to new heights. I also thank and acknowledge the many Raffles physicians, nurses, healthcare managers and staff who have contributed to Raffles these 30 years. Their dedication, hard work and sacrifice have been firmly etched into the history of Raffles Medical Group.

I also wish to record our sincere appreciation and gratitude to all our patients and corporate clients for trusting us and giving us their unwavering support. We value this relationship and promise to continue to give you our best.

We thank our shareholders and investors for sharing our vision and having the patience to support us in pursuing durable long term goals.

With your continued support, I am confident that by the end of 2010, we will be delivering our brand of healthcare in a few more countries in Asia and become recognised as one of the leading healthcare organizations in Asia.



**Dr Loo Choon Yong**  
EXECUTIVE CHAIRMAN



#### Dr Loo Choon Yong

Executive Chairman and Co-Founder

Dr Loo Choon Yong is the Chairman of the Board and the Executive Chairman and co-founder of Raffles Medical Group Limited. He is also a Non-executive Director of the Singapore's Ambassador to the Italian Republic. Dr Loo holds a number of directorships in several companies, including Raffles Holdings Limited, International Medical Insurers Private Limited and Capitaland-Raffles Properties Private Limited.

In the area of social service, Dr Loo is currently the Deputy Chairman of the Action Committee for Entrepreneurship (ACE) and the Vice Chairman of National Council Against Drug Abuse (NCADA). He was the President of the Singapore Anti-Narcotics Association (SANA), a position he held from 1996 to 2005.

He is a member of the Board of Trustees for the Chinese Development Assistance Council (CDAC) and the Singapore Management University (SMU). He chairs the Advisory Board of the Lee Kong Chian School of Business and is a member of the Board of Governors for Raffles Junior College. He is also the Chairman of the Asian Medical Foundation Ltd.

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

#### Dr David McKinnon Lawrence

Independent Director

Dr David McKinnon Lawrence currently serves on the Boards of Agilent Technologies, McKesson Corporation and the RAND Health Advisory Board, among others. He also serves in advisory roles to the biotechnology industry.

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 at the Nanyang Business School, Nanyang Technological University (NTU), as well as Director of the Asian Business Case Centre at the University. She is also a faculty instructor in the Nanyang MBA programme where she teaches Organisational Behaviour and Human Capital Management courses. 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. She was a faculty member at the School of Electrical and Electronics Engineering, NTU from 1987 to 1994 and has held management positions in various companies over the last 30 years.

She joined the Board on 27 November 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, Tropical Marine Science Institute Management Board and the Bioethics Advisory Committee.

He joined the Board on 19 February 2001.

#### Mr Tan Soo Nan

Independent Director

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

He is also a Member of the Income Tax Board of Review, Goods and Services Tax Board of Review and 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 has over 29 years of experience in the banking industry.

He joined the Board on 28 July 2000.

## board of directors



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

## senior management



**Dr Loo Choon Yong**  
Executive Chairman



**Mrs Hikda Yap**  
General Manager  
Raffles Medical Clinics



**Mr Lawrence Lim**  
General Manager  
Raffles Hospital



**Mr Pay Cher Wee**  
Chief Financial Officer



**Dr Yi Hee Sang**  
General Manager  
International Medical Insurance



**Dr Pram Kumar Nair**  
General Manager  
Business Development



**Professor Walter Tan**  
Medical Director  
Raffles Hospital



**Dr Wilson Wong**  
Medical Director  
Raffles Medical Clinics



**Dr Yang Ching Yu**  
Deputy Medical Director  
Raffles Hospital



**Mrs Kimmy Goh**  
Group Financial Controller



**Ms Annie Pang**  
Director, Hospital Operations  
Raffles Hospital



**Dr Colin Quek**  
Chief Information Officer



**Dr Andre Leong**  
Deputy Director  
Raffles Medical Clinics



**Dr Kenneth Wu**  
Deputy Director  
Raffles Medical Clinics



**Dr Saw Chit Aung**  
Hospital Marketing



**Mr Wee Jee Kin**  
Deputy Director  
Corporate Affairs



## Operations Review



### Soaring to New Heights

*Record Patient Numbers,  
Group Turnover & Profits*

Raffles Medical Group ended 2005 on an emphatic note, backed by robust performances by its key operating units, particularly the Hospital Services division.

Boosted by record high patient volumes and an influx of foreign patients at Raffles Hospital, the Group experienced a 11.3% growth in revenue to \$112.9 million. This growth has more than compensated for the loss of contributions from SARS related projects in the preceding year.

Profit after tax for the Group rose 26.9%, from \$9.5 million to \$12 million – a record in our 30 years' history.

With Raffles Hospital recording its highest number of patient visits since its opening in 2001, improved occupancy and better facility utilisation, profit growth for the Hospital Services division surged 134.4% over the same period last year.

### Taking Family Medicine to Another Plane

*New Clinics; Expanding Services*

RafflesMedical's network of clinics has continued to contribute positively to the Group's performance.

With six new clinics opened in 2005, RafflesMedical Clinics maintains its position as the largest group of Family Medicine clinics in Singapore today.

Within the next year, the clinics will concentrate on strengthening its existing competencies.

More regional centres will be expanded into integrated medical centres, offering comprehensive services including specialist treatment, health screening services, laboratory services, x-ray and other diagnostic tests.

Excellent doctor-patient relationship will continue to be the cornerstone of the Raffles brand of care at our clinics, with more time devoted to understanding each patient's medical history and tracking of chronic illnesses.



## Responsiveness to Public Health Threats

Our experience with SARS has taught us to be ready for similar crises.

This preparedness has stood us in good stead during the dengue fever outbreak in September and the year-end flu season as we were able to respond to our patients' needs quickly and efficiently.

During the dengue outbreak, the Raffles 24-Hour Accident and Emergency Department saw more cases daily and warded a number of dengue patients. All were treated and discharged. The Raffles laboratory worked round the clock to run serologic tests for dengue fever.

The seasonal rush for flu vaccination in the last quarter of 2005 was compounded by the fear of an impending Pandemic Flu outbreak as highlighted by the World Health Organisation.

With a four-fold increase in demand for flu vaccination, the Healthcare Services division worked with various suppliers to ensure that there was a constant supply of flu vaccines. Raffles doctors also organised Business Continuity Planning (BCP) talks to corporate clients and the Corporate Services department published influenza news bulletins and updates which were circulated to corporate clients.



## The Rise of Raffles Hospital

### *An International Patients Hub*

Raffles Hospital saw record growth to both its inpatient and outpatient numbers.

A significant portion of this growth came from the international patients market, which saw its contribution to revenue increase by more than 50%. This is poised to expand even further as the international marketing team makes greater inroads into existing and new markets.

Currently, 34% of our patients are foreigners, comprising nationals from approximately 100 countries. Patients from core markets such as Indonesia and Malaysia have increased and the Hospital has also seen an emergence of exciting new markets like Bangladesh, Myanmar, Korea, the Indian Subcontinent and the Russian Far East.

While staying competitive with regional countries in offering "health tourism" packages, which are mostly low-cost surgeries combined with holidays, Raffles Hospital also aims to maintain Singapore's leadership as a regional healthcare hub by providing more complex procedures such as renal transplants, cancer treatment and heart surgeries.

### *Advanced Technology: Skilful Specialists*

In 2005, Raffles Hospital achieved broad based growth with the recruitment of more specialists, developing and packaging of new specialist services, and investment in advanced medical technologies.

Group Practice continues to be a draw among specialists who share the conviction of team-based practice as a model for assuring quality medical care for patients. In 2005, Raffles Hospital recruited 12 new specialists in different disciplines including general surgery, paediatrics, obstetrics and gynaecology, oncology and orthopaedics.

With continued growth in the Raffles talent pool came new centres and expansion of services.



The new Raffles Orthopaedic Centre officially opened in June 2005, bringing together medical and surgical expertise that provide patients with a one-stop solution for all their orthopaedic problems. With a growing team of orthopaedic consultants, the Centre now offers a wide range of sub-specialty services in orthopaedics such as spinal disc replacement surgery and hand surgery.

Surgical weight management - lap banding and intragastric balloon - became a real prospect for Raffles' patients with the recruitment of two experienced general and laparoscopic surgeons who offer a spectrum of solutions for overweight patients.

With two new Obstetrics & Gynaecology specialists joining the Group, Raffles Women's Centre is now 8-specialists strong, distinguishing it as the largest private O&G specialist practice in Singapore today. In 2006, the Centre plans to launch its fourth outreach clinic in Causeway Point, and a fertility service for a growing number of patients requiring assistance with conception.

Raffles Children's Clinic also enjoyed a boost with the recruitment of two new Paediatricians. The Clinic operates 365 days - including Sundays and public holidays, as well as evening clinics on all working days - to offer parents the reliability of medical care after the normal operating hours of other clinics.

The Raffles Japanese Clinic saw an increase in its patient base, as more and more of the 24,000-strong Japanese community in Singapore, as well as Japanese residing in the region, come to recognise its special brand of personalised care. Two new Japanese specialist doctors have joined the Clinic to meet the specialised needs of this growing group of patients.

The Aesthetics Centre expanded its service offerings with the launch of new technology such as the Titan Skin Lifting technique for sagging skin and the CoolGlide Laser Vein therapy to ablate ugly veins. It also started its Weight Management programme which



draws on a team of specialists - including endocrinologists, bariatric surgeons, plastic surgeons, dermatologists, dieticians, physiotherapists and acupuncturists - to offer a complete range of weight management services.

Raffles Cancer Centre grew 800% in patient numbers over the year. The Centre developed genetic screening programmes, genetic counselling, genetic risk screening packages and agreement with Cancer Institute to do radiotherapy services. Our affiliation with Memorial Sloan-Kettering Cancer Centre, the premier cancer research centre in the world, ensures that our patients receive the best care for cancer.

Raffles Heart Centre saw the addition of another new interventional Cardiologist in January 2005. This translated to a substantial increase in the number of Coronary Angiograms and Percutaneous Transluminal Coronary Angiograms which increased two-fold and four-fold respectively.

To serve our patients better, Raffles Hospital acquired the revolutionary 64-Slice CT Scanner which allows for ultra fast imaging of the heart, coronary arteries, head, colon and lung without the need for invasive procedures such as an angiogram.



## Enlarging our Footprints

As we grow as a Group, we will actively explore healthcare opportunities to grow our business in Singapore and the region.

This year, the Jakarta Representative Office will be upgraded into a Medical Centre to serve our Indonesian patients better.

Within the next few years, the Group plans to set up more of such centres in major cities of Indonesia.

We will also establish Representative Offices in Vietnam, Myanmar, Sri Lanka and India.

## The Journey Continues *Existing For A Cause Greater Than Ourselves*

As we move into the region, we will bring better healthcare to more communities. We will also continue to use our skills, experience, medical and financial resources to serve the sick and underprivileged.

This humanitarian spirit was manifested through the three relief missions we sent last year to the disaster-hit zones of Aceh, Nias and Pakistan.

This was coordinated and managed by the Asian Medical Foundation, a charity set up by Raffles Medical Group. The Foundation is committed to adopt more charities and send more humanitarian missions in the years to come.

Serving the community – be it in the form of treating our patients at our family medicine clinics, or at Raffles Hospital, or even doing disaster relief work beyond our shores – has always been the reason for our existence.

It will continue to be the driving force in our growth ahead.

# Corporate Information

**Board of Directors**

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

**Board Audit Committee**

Mr Tan Soo Nan (Chairman)  
Associate Professor Wee Beng Geok  
Professor Lim Pin  
Dr Loo Choon Yong  
Mr Pay Cher Wee (Secretary)

**Board Nomination and Compensation Committee**

Associate Professor Wee Beng Geok (Chairman)  
Professor Lim Pin  
Dr Loo Choon Yong  
Mrs Hilda Yap (Secretary)

**Registered / Corporate Office**

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

**Company Secretary**

Mr Pay Cher Wee

**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  
Oversea-Chinese Banking Corporation Limited  
United Overseas Bank Limited

# Professional Governance

## RafflesHospital

### Board of Directors

Dr Loo Choon Yong (*Chairman*)  
 Professor Walter Tan  
 Professor Edward Tock  
 Mr Lock Sai Hung  
 Ms Jennie Chua  
 Dr Alfred Loh  
 Dr Wilson Wong  
 Dr Yang Ching Yu

### 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 (*Ag Chairman*)  
 Dr Khoo Chong Yew  
 Dr S Krishnamoorthy  
 Mr Lawrence Lim  
 Professor Walter Tan (*Ex Officio*)

### Quality Committee

Dr Alfred Loh (*Chairman*)  
 Mr Lawrence Lim (*Co-Chairman*)  
 Dr J J Murugasu  
 Ms Annie Pang  
 Professor Walter Tan (*Ex Officio*)  
 Dr Wilson Wong (*Ex Officio*)

### 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 Chan Choong Chee  
 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  
 Mr Richard Lim

### Pharmaceutical & Therapeutics Committee

Dr Yang Ching Yu (*Chairman*)  
 Dr Teo Sek Khee  
 Dr Yii Hee Seng  
 Ms Lai Swee Lin (*Secretary*)

### Infection Control Committee

Dr Teo Sek Khee (*Chairman*)  
 Ms Annie Pang  
 Ms Kartini Sameejan  
 Ms Liu Wei Wei  
 Ms Tan Kin Hong  
 Mr Mohd Ali  
 Ms Chiam Shure Lee

### 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  
 Ms Annie Pang  
 Ms Yeang Lye Siang  
 Ms Teo Poh Lin

### 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 Teo Kim Eng  
 Ms Pang Yen Yin  
 Mr Seow Ser Hoe (*Secretary*)

### Patient Records Review Committee

Dr Aw Chong Yin (*Chairman*)  
 Dr Koh Gim Hwee  
 Dr Lee Mun Heng  
 Ms Annie Pang  
 Ms Lee Lee Boon  
 Mr Mohd Ali  
 Mr Jasmail Singh (*Secretary*)

## RafflesMedicalGroup

### 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 and Therapeutics Committee

Dr Hoo Kai Meng (*Chairman*)  
 Dr Yii Hee Seng  
 Ms Lai Swee Lin  
 Dr Lily Lin  
 Dr Angeline Chua  
 Dr Chong Siew Yun



# contents:

Corporate Governance	25
Directors' Report	33
Statement by Directors	40
Auditors' Report	41
Balance Sheets	42
Consolidated Profit & Loss Account	43
Consolidated Statement of Changes in Equity	44
Consolidated Statement of Cash Flows	46
Notes to the Financial Statements	47
Shareholdings Statistics	77
Notice of AGM	79
Proxy Form	81

# Corporate Governance

## 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 March 2001 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.

## 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 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. 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 appointment, 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.

## Board Composition and Balance

The names of the Directors of the Company in office at the date of this Statement 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.

## CORPORATE GOVERNANCE (CONT'D)

**Board Composition and Balance (cont'd)**

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

<b>Name of Directors</b>	<b>Date of Appointment</b>	<b>Nature of Appointment</b>	<b>Prime Function</b>	<b>Other Functions</b>	<b>Academic and Professional Qualifications</b>
Dr Loo Choon Yong Age: 57	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: 58	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: 70	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: 58	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 McKinnon Lawrence Age: 66	25/7/1997	Non-executive/ Independent	Member	-	BA degree (Amherst College), MD (University of Kentucky), MPH (University of Washington)

## CORPORATE GOVERNANCE (CONT'D)

### Board Composition and Balance (cont'd)

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 judgment.

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.

### Chairman and Chief Executive Officer

It is the view of the Board that 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.

### Criteria for Board Membership

Board Members are selected for their character, judgment, 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.

## CORPORATE GOVERNANCE (CONT'D)

**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.

**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.

**Remuneration Matters**

The Group's remuneration policy is to provide compensation packages at market rates that 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.

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

**Remuneration band****Number of Directors**

	<b>2005</b>	<b>2004</b>
S\$500,000 and above	1	1
S\$250,000 to below S\$500,000	-	-
Below S\$250,000	4	4
	<u>5</u>	<u>5</u>

## CORPORATE GOVERNANCE (CONT'D)

**Remuneration Matters (cont'd)**

Summary compensation table for the year ended 31 December 2005 (Group):

<b>Name of Directors</b>	<b>Salary(1) %</b>	<b>Bonus(2) %</b>	<b>Directors' fees %</b>	<b>Total Compensation %</b>	<b>Share Options Grants(3)</b>	<b>Exercise Price</b>	<b>Date of Expiry</b>
<b>\$500,000 and above</b>							
Dr Loo Choon Yong Executive Chairman	23	77	-	100	-	-	-
<b>Below S\$250,000</b>							
Dr David McKinnon Lawrence Non-executive	-	-	100	100	100,000	\$0.51	31/3/10
Mr Tan Soo Nan Non-executive	-	-	100	100	100,000	\$0.51	31/3/10
Associate Professor Wee Beng Geok Non-executive	-	-	100	100	100,000	\$0.51	31/3/10
Professor Lim Pin Non-executive	-	-	100	100	100,000	\$0.51	31/3/10

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

(2) The bonus amount shown is inclusive of CPF.

(3) 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.

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

**Accountability and Audit**

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.

## CORPORATE GOVERNANCE (CONT'D)

**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 and has 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 as well as reviewing the appointment and compensation of Senior Management staff. Members of the Committee who are eligible are not involved in deliberations in respect to any options to be granted to them. The Executive Chairman of the Group opted not to participate in the Employees' Share Option Scheme. The Committee 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.

**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 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;
- 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
- considers other matters as requested by the Board.

The Audit Committee is authorised to investigate any matter within its terms of reference, and has full access to Management and also full discretion to invite any Director or Executive 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.

## CORPORATE GOVERNANCE (CONT'D)

### 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.

### 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 in early 2004 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 recommendation of the SGX-ST Best Practices Guide, 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 Industries 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.

### 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.

## CORPORATE GOVERNANCE (CONT'D)

**Communication with Shareholders (cont'd)**

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 working 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	4	4	4	4	1	1
Mr Tan Soo Nan	4	4	4	4	-	-
Associate Professor Wee Beng Geok	4	3	4	3	1	1
Dr David McKinnon Lawrence	4	4	-	-	-	-
Professor Lim Pin*	4	4	1	1	1	1

\*Professor Lim Pin was appointed as a member of the Audit Committee on 19 October 2005

# Directors' Report

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2005.

## 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 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 of \$0.10 each</b>			
Dr Loo Choon Yong	32,281,999	32,281,999	221,907,000	221,907,000
Dr David McKinnon Lawrence	256,000	256,000	-	-
Mr Tan Soo Nan	50,000	50,000	-	-
Associate Professor Wee Beng Geok	30,000	30,000	-	-

### Options to subscribe for ordinary shares of \$0.10 each

	At beginning of the year	At end of the year	Option Price Per Share	Date of Grant
<b>The Company</b>				
Dr David McKinnon Lawrence	250,000	250,000	\$0.430	15/2/2001
	200,000	200,000	\$0.330	8/4/2002
	200,000	200,000	\$0.285	31/3/2003
	100,000	100,000	\$0.420	1/4/2004
	-	100,000	\$0.510	1/4/2005
Professor Lim Pin	220,000	-	\$0.330	8/4/2002
	200,000	200,000	\$0.285	31/3/2003
	100,000	100,000	\$0.420	1/4/2004
	-	100,000	\$0.510	1/4/2005

## DIRECTORS' REPORT (CONT'D)

## Directors' Interest (Cont'd)

	Holdings in the name of the director, spouse or infant children	Other holdings in which the director is deemed to have an interest		
	Options to subscribe for ordinary shares of \$0.10 each			
The Company	At beginning of the year	At end of the year	Option Price Per Share	Date of Grant
Mr Tan Soo Nan	150,000	150,000	\$0.430	15/2/2001
	250,000	250,000	\$0.330	8/4/2002
	200,000	200,000	\$0.285	31/3/2003
	100,000	100,000	\$0.420	1/4/2004
	-	100,000	\$0.510	1/4/2005
Associate Professor Wee Beng Geok	100,000	100,000	\$0.430	15/2/2001
	250,000	250,000	\$0.330	8/4/2002
	200,000	200,000	\$0.285	31/3/2003
	100,000	100,000	\$0.420	1/4/2004
	-	100,000	\$0.510	1/4/2005
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 of \$1.00 each		
Dr Loo Choon Yong	100,000	100,000	-	-

The options in the Company are exercisable as follows:

- (i) the options granted in 2001 are exercisable during a period commencing 12 months from the Date of Grant for up to 200,000 shares and 24 months from the Date of Grant for the balance and expires at the end of 60 months from the Date of Grant.
- (ii) 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.
- (iii) 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.
- (iv) 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.
- (v) 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.

## DIRECTORS' REPORT (CONT'D)

### Directors' Interest (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 of the financial year or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company and related corporations between the end of the financial year and 21 January 2006 except for Mr Tan Soo Nan who has exercised 150,000 options to subscribe for ordinary shares of \$0.10 each on 16 January 2006.

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 18 and 24 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member or with a company in which he has a substantial financial interest.

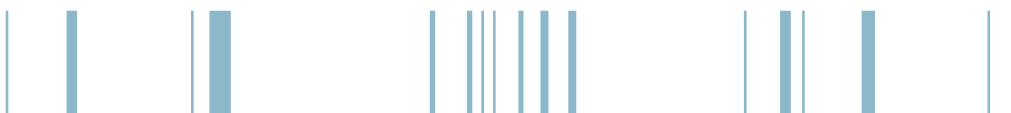
## Share Options

### Employees' Share Option Scheme

- (1) The Raffles Medical Group Employees' Share Option Scheme (RMG 1997 Scheme) for the Company was terminated on 31 October 2000. Details of the RMG 1997 Scheme were set out in the Directors' Report for the financial year ended 31 December 1998. The termination of the RMG 1997 Scheme did not affect the subscription rights comprised in options granted pursuant to the RMG 1997 Scheme prior to the termination. Such options continue to be exercisable in accordance with the rules of the RMG 1997 Scheme. However, no further options will be granted under this scheme.
- (2) 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.
- (3) Both the RMG 1997 Scheme (in respect of the administration of any exercise of options already granted thereafter prior to its termination in October 2000) and the RMG 2000 Scheme are 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 participating in the schemes.



## DIRECTORS' REPORT (CONT'D)

## Share Options (Cont'd)

## Employees' Share Option Scheme (Cont'd)

- (4) On 1 April 2005, additional options were granted pursuant to the RMG 2000 Scheme to subscribe for ordinary shares of \$0.10 each at an exercise price of \$0.51 as follows:

	<b>Company</b>
Directors of the Company and Executive Directors of the subsidiaries	1,830,000
Full-time employees	6,081,000
	<u>7,911,000</u>

- (5) As at 31 December 2005, outstanding options to take up shares of \$0.10 each 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 2005	Options granted	Options exercised	Options forfeited/expired	Options outstanding at 31 December 2005	Number of option holders at 31 December 2005
15/2/2001	\$0.430	8,526,000	-	1,300,000	247,000	6,979,000	112
8/4/2002	\$0.330	9,078,000	-	2,945,000	185,000	5,948,000	113
31/3/2003	\$0.285	6,473,000	-	2,981,000	109,000	3,383,000	105
1/4/2004	\$0.420	7,074,000	-	1,374,000	365,000	5,335,000	178
1/4/2005	\$0.510	-	7,911,000	-	863,000	7,048,000	233

- (6) As at 31 December 2005, outstanding options to take up shares of \$0.10 each in the Company under the RMG 1997 Scheme were as follows:

Date of grant of options	: 9/3/2000
Exercise price per share*	: \$0.570
Options outstanding at 1 January 2005	: 4,880,900
Options granted	: -
Options exercised	: -
Options forfeited/expired	: 4,880,900
Options outstanding at 31 December 2005	: -
Number of option holders at 31 December 2005	: -

\* Adjusted for the Rights Issue on 7 June 2000

## DIRECTORS' REPORT (CONT'D)

## Share Options (Cont'd)

## Employees' Share Option Scheme (Cont'd)

- (7) 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 Schemes.
- (8) The following are details of options granted to Directors:

Name of participant	Options granted for financial year ended 31 December 2005	Aggregate options granted since commencement of Scheme to 31 December 2005	Aggregate options exercised since commencement of Scheme to 31 December 2005	Aggregate options outstanding as at 31 December 2005
Directors of the Company				
Dr David McKinnon Lawrence	100,000	850,000	-	850,000
Professor Lim Pin	100,000	620,000	220,000	400,000
Mr Tan Soo Nan	100,000	800,000	-	800,000
Associate Professor Wee Beng Geok	100,000	750,000	-	750,000
Total	400,000	3,020,000	220,000	2,800,000

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

(a) *RMG 1997 Scheme*

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

*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.



## DIRECTORS' REPORT (CONT'D)

### Share Options (Cont'd)

#### Employees' Share Option Scheme (Cont'd)

- (10) Save as disclosed above, there were no unissued shares of the Company or its subsidiaries under option as at the end of the financial year.
- (11) 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 by 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;
- financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

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

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

DIRECTORS' REPORT (CONT'D)

## 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

28 February 2006



## Statement By Directors

In our opinion:

- (a) the financial statements set out on pages 42 to 76 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 2005 and of the results, changes in equity and cash flows of the Group for the year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

28 February 2006

# Auditors' Report

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

We have audited the accompanying financial statements of Raffles Medical Group Ltd for the year ended 31 December 2005 as set out on pages 42 to 76. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (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 2005 and of 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

28 February 2006

# Balance Sheets

as at 31 December 2005

		Group		Company	
	Note	2005	2004	2005	2004
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment	3	21,412	19,354	2,855	2,417
Intangible assets	4	257	309	-	-
Subsidiaries	5	-	-	74,873	73,087
Jointly-controlled entity	6	53,000	51,680	-	-
Membership rights, at cost		88	88	68	68
Deferred tax assets	7	846	1,004	-	-
		75,603	72,435	77,796	75,572
Current assets					
Investment in commercial notes	8	13,000	9,500	5,000	1,500
Inventories		2,942	2,568	994	804
Trade and other receivables	9	12,271	11,005	10,524	11,284
Cash and cash equivalents	10	35,129	32,181	28,763	28,694
		63,342	55,254	45,281	42,282
Total assets		138,945	127,689	123,077	117,854
Equity attributable to equity holders of the parent					
Share capital	11	40,035	39,175	40,035	39,175
Reserves	13	67,455	60,984	61,079	63,203
		107,490	100,159	101,114	102,378
Minority interests		231	151	-	-
Total equity		107,721	100,310	101,114	102,378
Non-current liabilities					
Deferred tax liabilities	7	714	712	175	175
Current liabilities					
Trade and other payables	14	24,392	21,956	17,667	11,516
Interest-bearing liabilities	15	2,345	2,076	1,983	1,916
Current tax payable		3,773	2,635	2,138	1,869
		30,510	26,667	21,788	15,301
Total liabilities		31,224	27,379	21,963	15,476
Total equity and liabilities		138,945	127,689	123,077	117,854

# Consolidated Profit And Loss Account

Year Ended 31 December 2005

	Note	Group	
		2005 \$'000	2004 \$'000 (Restated)
<b>Revenue</b>		112,898	101,456
Other operating income		940	990
Inventories and consumables used		(13,710)	(11,943)
Staff costs		(61,523)	(57,258)
Depreciation of property, plant and equipment		(3,053)	(2,994)
Other operating expenses		(22,050)	(18,928)
Finance costs	19	(81)	(70)
Share of profits in a jointly-controlled entity	6	1,375	1,188
<b>Profit from ordinary activities before taxation</b>	17	14,796	12,441
Income tax expense	20	(2,758)	(2,957)
<b>Profit from ordinary activities after taxation</b>		12,038	9,484
<b>Attributable to:</b>			
Equity holders of the parent		11,958	9,481
Minority interests		80	3
<b>Profit for the year</b>		12,038	9,484
<b>Earnings per share (cents)</b>	21		
Basic		3.01	2.43
Diluted		2.96	2.41

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

# Consolidated Statement of Changes in Equity

Year Ended 31 December 2005

44

	Note	Share capital \$'000	Share premium \$'000	Currency translation reserve \$'000	Share option reserve \$'000	Accumulated profits \$'000	Total attributable to equity holders of the parent \$'000	Minority interests \$'000	Total equity \$'000
<b>At 1 January 2004, as previously reported</b>		38,734	53,157	(173)	-	4,574	96,292	148	96,440
Effects of adopting FRS 102	22	-	-	-	66	(66)	-	-	-
<b>At 1 January 2004, restated</b>		38,734	53,157	(173)	66	4,508	96,292	148	96,440
Issue of 4,404,000 shares of \$0.10 each, with 2,308,000 shares at a premium of \$0.23 per share and 2,096,000 shares at a premium of \$0.185 per share upon the exercise of options under Raffles Medical Group Employees' Share Option Scheme		441	918	-	-	-	1,359	-	1,359
Translation differences relating to financial statements of foreign subsidiaries		-	-	261	-	-	261	-	261
Net profit for the year		-	-	-	-	9,481	9,481	3	9,484
Value of employee services received for issue of share options		-	-	-	570	-	570	-	570
Dividend paid of 2.5 cents per ordinary share less tax at 20%		-	-	-	-	(7,804)	(7,804)	-	(7,804)
<b>At 31 December 2004</b>		39,175	54,075	88	636	6,185	100,159	151	100,310

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

Annual Report 2005

	Note	Share capital \$'000	Share premium \$'000	Currency translation reserve \$'000	Share option reserve \$'000	Accumulated profits \$'000	Total attributable to equity holders of the parent \$'000	Minority interests \$'000	Total equity \$'000
<b>At 31 December 2004, as previously reported</b>									
Effects of adopting FRS 102	22	39,175	54,075	88	-	6,821	100,159	151	100,310
<b>At 31 December 2004, restated</b>									
Issue of 8,600,000 shares of \$0.10 each, with 1,300,000 shares at a premium of \$0.33 per share, 2,945,000 shares at a premium of \$0.23 per share, 2,981,000 shares at a premium of \$0.185 per share, and 1,374,000 shares at a premium of \$0.32 per share upon the exercise of options under Raffles Medical Group Employees' Share Option Scheme		39,175	54,075	88	636	(636)	100,159	151	100,310
Translation differences relating to financial statements of foreign subsidiaries		-	-	(96)	-	-	(96)	-	(96)
Net profit for the year		-	-	-	-	11,958	11,958	80	12,038
Value of employee services received for issue of share options		-	-	-	487	-	487	-	487
Dividend paid of 2.5 cents per ordinary share less tax at 20%		-	-	-	-	(7,975)	(7,975)	-	(7,975)
<b>At 31 December 2005</b>		40,035	56,172	(8)	1,123	10,168	107,490	231	107,721

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

# Consolidated Statement Of Cash Flows

Year Ended 31 December 2005

	Note	2005 \$'000	2004 \$'000 (Restated)
<b>Operating activities</b>			
Profit from ordinary activities before taxation		14,796	12,441
Adjustments for:			
Amortisation of intangible assets		52	51
Depreciation of property, plant and equipment		3,053	2,994
Employee share option expense		487	570
Finance costs		81	70
Exchange (gain)/loss		(134)	237
Loss/(Gain) on disposal of property, plant and equipment		6	(629)
Interest income from fixed deposits and commercial notes		(806)	(361)
Property, plant and equipment written off		39	108
Share of profits in a jointly-controlled entity		(1,375)	(1,188)
<b>Operating profit before working capital changes</b>		16,199	14,293
Changes in working capital:			
Inventories		(371)	265
Trade and other receivables		(1,161)	4,381
Trade and other payables		2,428	(1,356)
Cash generated from operations		17,095	17,583
Income taxes paid		(1,388)	(2,072)
Interest paid		(81)	(70)
<b>Cash flows from operating activities</b>		15,626	15,441
<b>Investing activities</b>			
Investment in commercial notes		(3,500)	11,520
Interest received		715	399
Purchase of property, plant and equipment		(5,757)	(1,556)
Proceeds from sale of property, plant and equipment		610	1,987
<b>Cash flows from investing activities</b>		(7,932)	12,350
<b>Financing activities</b>			
Proceeds from issue of shares under share option scheme		2,957	1,359
Proceeds from bank loan		1,983	-
Repayment of bank loan		(1,957)	-
Dividends paid		(7,975)	(7,804)
<b>Cash flows from financing activities</b>		(4,992)	(6,445)
<b>Net increase in cash and cash equivalents</b>		2,702	21,346
Cash and cash equivalents at beginning of the year		32,021	10,649
Effect of exchange rate changes on balances held in foreign currency		44	26
<b>Cash and cash equivalents at end of the year</b>	10	34,767	32,021

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

# Notes To The Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 28 February 2006.

## 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 5 to the financial statements.

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

The consolidated financial statements relate to the Company and its subsidiaries (referred to as the Group) and the Group's interest in a jointly-controlled entity.

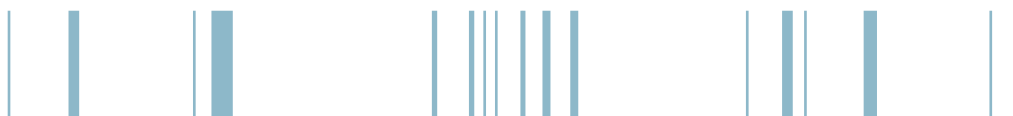
## 2 Summary of Significant Accounting Policies

### 2.1 Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (FRS) including related Interpretations promulgated by the Council on Corporate Disclosure and Governance.

In 2005, the Group adopted the following new/revised FRSs which are relevant to its operations:

FRS 1 (revised)	Presentation of Financial Statements
FRS 2 (revised)	Inventories
FRS 8 (revised)	Accounting Policies, Changes in Accounting Estimates and Errors



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

#### 2.1 Basis of preparation (cont'd)

FRS 10 (revised)	Events After the Balance Sheet Date
FRS 16 (revised)	Property, Plant and Equipment
FRS 17 (revised)	Leases
FRS 21 (revised)	The Effects of Changes in Foreign Exchange Rates
FRS 24 (revised)	Related Party Disclosures
FRS 27 (revised)	Consolidated and Separate Financial Statements
FRS 31 (revised)	Interests in Joint Ventures
FRS 32 (revised)	Financial Instruments: Disclosure and Presentation
FRS 33 (revised)	Earnings Per Share
FRS 36 (revised)	Impairment of Assets
FRS 38 (revised)	Intangible Assets
FRS 39	Financial Instruments: Recognition and Measurement
FRS 102	Share-based Payment
FRS 103	Business Combinations

The effects of adopting the new/revised FRSs in 2005 are set out in Note 22.

The financial statements are presented in Singapore dollars and rounded to the nearest thousand, unless otherwise stated. They are prepared on the historical cost basis.

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

#### 2.2 Functional currency

The functional currency of the Company is the Singapore dollar. As sales and purchases are denominated primarily in Singapore dollars and receipts from operations are usually retained in Singapore dollars, the directors are of the opinion that the Singapore dollar reflects the economic substance of the underlying events and circumstances relevant to the Company.

#### 2.3 Consolidation

##### *Subsidiaries*

Subsidiaries are companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

##### *Jointly-controlled entities*

Jointly-controlled entities are enterprises over whose activities the Group has joint control, established by contractual agreement.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

**2 Summary of Significant Accounting Policies (cont'd)****2.3 Consolidation (cont'd)**

Investments in jointly-controlled entities are stated in the Company's balance sheet at cost, less impairment losses. In the Group's financial statements, they are accounted for using the equity method of accounting.

**2.4 Foreign currencies***Foreign currency transactions*

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Singapore dollars at foreign exchange rate ruling at that date. Transactions in foreign currencies are translated at foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising from translation are recognised in the profit and loss account.

*Foreign operations*

Assets and liabilities of foreign operations are translated to Singapore dollars for consolidation at the rates of exchange ruling at the balance sheet date. The results of foreign operations are translated at the average exchange rates for the year. Exchange differences arising on translation are recognised directly in equity. On disposal, accumulated translation differences are recognised in the consolidated profit and loss account as part of the gain or loss on sale.

**2.5 Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is provided on a straight line basis so as to write off items of property, plant and equipment over their estimated useful lives as follows:

Leasehold properties	50 years
Medical equipment	8-10 years
Furniture and fittings	10 years
Office equipment	10 years
Motor vehicles	10 years
Computers	3 years
Renovations	Shorter of 6 years and term of lease
Facilities equipment	10 years

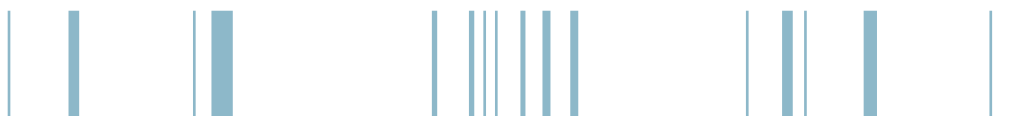
The useful lives and residual values, if not insignificant, are reassessed annually.

**2.6 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 profit and loss account on a straight line basis over its estimated useful life of 10 years.

**2.7 Financial assets***Investments in debt securities*

Where the Group has the positive intent and ability to hold debt securities to maturity, they are stated at amortised cost less impairment losses.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

#### 2.8 Inventories

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

#### 2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

#### 2.10 Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is charged to the profit and loss account unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity.

The recoverable amount of assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

##### *Reversals of impairment*

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.

#### 2.11 Liabilities and interest-bearing borrowings

Trade and other payables are stated at cost. Interest-bearing liabilities are recognised initially at cost less attributable transaction costs. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss account over the period of the borrowings on an effective interest basis.

#### 2.12 Employee benefits

##### *Share-based payments*

The share option programme allows the 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 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

**2 Summary of Significant Accounting Policies (cont'd)****2.12 Employee Benefits (cont'd)**

The proceeds received net of any directly attributable transactions costs are credited to share capital (nominal value) and share premium when the options are exercised.

*Defined contribution plans*

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account as incurred.

**2.13 Deferred tax**

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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

Deferred tax is provided on temporary differences arising on investments in subsidiaries and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not be reversed in the foreseeable future.

**2.14 Revenue recognition***Service revenue*

Revenue is recognised upon provision of healthcare, hospital and insurance services.

*Rental income from operating leases*

Rental income receivable under operating leases is recognised in the profit and loss account on a straight-line basis over the term of the lease. Contingent rentals are recognised as income in the accounting period in which they are earned.

*Interest income*

Interest income from bank deposits and commercial notes are accrued on a time-apportioned basis.

**2.15 Operating leases**

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Contingent rentals are charged to the profit and loss account in the accounting period in which they are incurred.

**2.16 Finance costs**

Interest expense and similar charges are expensed in the profit and loss account in the period in which they are incurred, 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.

### 3 Property, Plant and Equipment

Group	Leasehold properties \$'000	Medical equipment \$'000	Furniture and fittings \$'000		Office equipment \$'000	Motor vehicles \$'000	Computers \$'000	Renovations \$'000	Facilities equipment \$'000		Total \$'000
			\$'000	\$'000							
<b>Cost</b>											
At 1 January 2004	9,029	13,504	2,593	787	532	3,106	3,291	1,698	34,540		
Additions	-	586	65	16	345	237	287	20	1,556		
Disposals	-	(151)	(790)	(61)	(298)	(299)	(641)	(548)	(2,788)		
Translation differences on consolidation	-	(21)	-	(3)	-	-	(27)	-	(51)		
At 31 December 2004	9,029	13,918	1,868	739	579	3,044	2,910	1,170	33,257		
At 1 January 2005	9,029	13,918	1,868	739	579	3,044	2,910	1,170	33,257		
Additions	-	3,942	233	44	7	535	853	143	5,757		
Disposals	-	(1,515)	(35)	(69)	-	(213)	(394)	(5)	(2,231)		
Translation differences on consolidation	-	11	2	1	-	-	7	-	21		
At 31 December 2005	9,029	16,356	2,068	715	586	3,366	3,376	1,308	36,804		
<b>Accumulated depreciation</b>											
At 1 January 2004	666	5,256	1,085	395	212	2,581	1,648	414	12,257		
Depreciation charge for the year	190	1,371	210	65	56	429	507	166	2,994		
Disposals	-	(76)	(305)	(29)	(149)	(294)	(286)	(183)	(1,322)		
Translation differences on consolidation	-	(10)	(1)	(3)	-	-	(12)	-	(26)		
At 31 December 2004	856	6,541	989	428	119	2,716	1,857	397	13,903		

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3 Property, Plant and Equipment (cont'd)

Group	Furniture and fittings							Total	
	Leasehold properties \$'000	Medical equipment \$'000	Office equipment \$'000	Motor vehicles \$'000	Computers \$'000	Renovations \$'000	Facilities equipment \$'000		\$'000
<b>Accumulated depreciation</b>									
At 1 January 2005	856	6,541	989	428	119	1,857	397		13,903
Depreciation charge for the year	190	1,625	163	62	58	566	124		3,053
Disposals	-	(903)	(24)	(61)	-	(379)	-		(1,576)
Translation differences on consolidation	-	6	-	2	-	4	-		12
At 31 December 2005	1,046	7,269	1,128	431	177	2,772	521		15,392
<b>Carrying amount</b>									
At 1 January 2004	8,363	8,248	1,508	392	320	1,643	1,284		22,283
At 31 December 2004	8,173	7,377	879	311	460	1,053	773		19,354
At 1 January 2005	8,173	7,377	879	311	460	1,053	773		19,354
At 31 December 2005	7,983	9,087	940	284	409	1,328	787		21,412

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

Company	Furniture and fittings					Total
	Medical equipment \$'000	Office equipment \$'000	Motor vehicles \$'000	Computers \$'000	Renovations \$'000	
<b>Cost</b>						
At 1 January 2004	911	1,195	569	477	1,788	2,225
Additions	86	30	12	345	197	241
Disposals	(20)	(162)	(26)	(298)	(315)	(264)
At 31 December 2004	977	1,063	555	524	1,670	2,202
At 1 January 2005	977	1,063	555	524	1,670	2,202
Additions	443	120	37	7	334	379
Disposals	(42)	(29)	(37)	-	(116)	(49)
At 31 December 2005	1,378	1,154	555	531	1,888	2,532
<b>Accumulated depreciation</b>						
At 1 January 2004	576	634	282	207	1,450	1,274
Depreciation charge for the year	65	89	47	50	290	307
Disposals	(16)	(93)	(15)	(149)	(307)	(117)
At 31 December 2004	625	630	314	108	1,433	1,464
At 1 January 2005	625	630	314	108	1,433	1,464
Depreciation charge for the year	120	89	47	53	168	366
Disposals	(33)	(19)	(33)	-	(115)	(34)
At 31 December 2005	712	700	328	161	1,486	1,796
<b>Carrying amount</b>						
At 1 January 2004	335	561	287	270	338	951
At 31 December 2004	352	433	241	416	237	738
At 1 January 2005	352	433	241	416	237	738
At 31 December 2005	666	454	227	370	402	736

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

**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	
			2005 \$'000	2004 \$'000
HDB shop with living quarters located at Blk 283 Bishan St 22 #01-177 Singapore 570283, held for use as a primary healthcare clinic	135.0	99 years commencing from 1/2/1991	1,047	1,073
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	300	308
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	710	727
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	1,456	1,492
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	1,821	1,864
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	1,138	1,164
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	609	623
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	902	922
			<u>7,983</u>	<u>8,173</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

**4 Intangible Assets**

	<b>Assignment fees</b>
	<b>\$'000</b>
<b>Group</b>	
<b>Cost</b>	
At 1 January 2004 and 31 December 2004	612
At 1 January 2005 and 31 December 2005	612
<b>Accumulated amortisation</b>	
At 1 January 2004	252
Amortisation charge for the year	51
At 31 December 2004	303
At 1 January 2005	303
Amortisation charge for the year	52
At 31 December 2005	355
<b>Carrying amount</b>	
At 1 January 2004	360
At 31 December 2004	309
At 1 January 2005	309
At 31 December 2005	257

**5 Subsidiaries**

	<b>Company</b>	
	<b>2005</b>	<b>2004</b>
	<b>\$'000</b>	<b>\$'000</b>
Investments in subsidiaries	17,863	16,077
Amounts due from subsidiaries (mainly non-trade)	57,010	57,010
	74,873	73,087

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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 5 Subsidiaries (cont'd)

Details of subsidiaries are as follows:

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity interest held by the Group	
			2005 %	2004 %
<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	Investment holding	Singapore	100	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>1</sup> Raffles Medical Management Pte Ltd	Provision of business management and consultancy services (currently inactive)	Singapore	100	100
<sup>1</sup> Raffles SurgiCentre Pte Ltd	Provision of general and specialised medical services and operation of a hospital (currently inactive)	Singapore	100	100
<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>	-

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

<sup>2</sup> Audited by Wong Brothers & Co., Hong Kong.

<sup>3</sup> Not yet 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

**6 Jointly-Controlled Entity**

	<b>Group</b>	
	<b>2005</b>	<b>2004</b>
	<b>\$'000</b>	<b>\$'000</b>
Investment at cost:		
- Ordinary shares	4,800	4,800
- Redeemable preference shares	51,570	51,570
Share of post-acquisition losses	(3,370)	(4,690)
	<u>53,000</u>	<u>51,680</u>

Details of the jointly-controlled entity are as follows:

<b>Name of jointly controlled entity</b>	<b>Principal activity</b>	<b>Place of incorporation and business</b>	<b>Effective equity held by the Group</b>	
			<b>2005</b>	<b>2004</b>
			<b>%</b>	<b>%</b>
<sup>1</sup> CapitaLand-Raffles Properties Pte Ltd	Property owner	Singapore	50	50

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

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

	<b>2005</b>	<b>2004</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Assets and liabilities</b>		
Non-current assets	95,421	95,476
Current assets	2,238	2,090
Total assets	<u>97,659</u>	<u>97,566</u>
Current liabilities	(2,582)	(1,559)
Non-current liability	(42,077)	(44,327)
Total liabilities	<u>(44,659)</u>	<u>(45,886)</u>
<b>Results</b>		
Revenue	3,278	2,886
Expenses	(1,903)	(1,698)
Profit before taxation	1,375	1,188
Taxation	(55)	(93)
Profit after taxation	<u>1,320</u>	<u>1,095</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

**7 Deferred Tax**

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

	At 1 January 2005 \$'000	Charged/ (credited) to profit and loss account (Note 20) \$'000	Exchange differences \$'000	At 31 December 2005 \$'000
<b>Group</b>				
<b>Deferred tax liabilities</b>				
Property, plant and equipment	1,732	(43)	-	1,689
<b>Deferred tax assets</b>				
Tax value of loss carry-forward	(922)	488	(17)	(451)
Tax value of unabsorbed wear and tear allowances	(820)	(245)	-	(1,065)
Other items	(282)	(23)	-	(305)
	(2,024)	220	(17)	(1,821)

	At 1 January 2005 \$'000	Charged/ (credited) to profit and loss account \$'000	At 31 December 2005 \$'000
<b>Company</b>			
<b>Deferred tax liabilities</b>			
Property, plant and equipment	268	15	283
<b>Deferred tax assets</b>			
Other items	(93)	(15)	(108)

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:

	<b>Group</b>		<b>Company</b>	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Deferred tax liabilities	714	712	175	175
Deferred tax assets	(846)	(1,004)	-	-

The following temporary differences have not been recognised:

	<b>Group</b>	
	2005 \$'000	2004 \$'000
Tax losses	1,206	1,015

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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

**8 Investment in Commercial Notes**

	<b>Group</b>		<b>Company</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Current investments – amortised cost</b>				
Investment in commercial notes held-to-maturity	13,000	9,500	5,000	1,500

The effective interest rate per annum relating to investment in commercial notes at balance sheet date for the Group and Company are 2.86% (2004: 1.62%) and 3.25% (2004: 1.59%) respectively.

Interest rates reprice at intervals of three months.

**9 Trade and Other Receivables**

	<b>Group</b>		<b>Company</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade receivables	10,820	10,071	4,870	5,912
Allowance for doubtful receivables	(1,214)	(1,528)	(438)	(594)
Net receivables	9,606	8,543	4,432	5,318
Deposits	833	661	540	504
Prepayments	851	635	418	480
Loans to directors				
- Directors of subsidiaries	337	565	337	548
Staff loan	105	131	38	79
Other receivables	345	287	108	31
Amounts due from subsidiaries:				
- trade	-	-	2,248	1,435
- non-trade (see note below)	-	-	2,403	2,888
Amounts due from related parties:				
- trade	194	183	-	1
	12,271	11,005	10,524	11,284
Amounts due from subsidiaries:				
- non-trade			4,503	4,988
Allowance for doubtful receivables			(2,100)	(2,100)
Net receivables			2,403	2,888

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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

**10 Cash and Cash Equivalents**

	Note	Group		Company	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Fixed deposits		32,120	30,280	27,420	28,280
Cash at bank and in hand		3,009	1,901	1,343	414
		35,129	32,181	28,763	28,694
Bank overdrafts (unsecured)	15	(362)	(160)	-	-
		34,767	32,021	28,763	28,694

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 3.04% (2004: 1.18%) and 3.0% (2004: 1.18%) respectively.

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

**11 Share Capital**

	Note	Company			
		2005		2004	
		No. of shares '000	\$'000	No. of shares '000	\$'000
Authorised:					
Ordinary shares of \$0.10 each		500,000	50,000	500,000	50,000
Issued and fully-paid:					
At 1 January		391,748	39,175	387,344	38,734
Issue of shares under share option scheme	12	8,600	860	4,404	441
		400,348	40,035	391,748	39,175

Unissued ordinary shares of \$0.10 each of the Company under options granted to eligible directors and employees under the Company's Employees' Share Option Schemes are disclosed in Note 12.

**12 Employees' Share Options**

## Equity Compensation Benefits

The Raffles Medical Group Employees' Share Option Scheme (RMG 1997 Scheme) for the Company which was approved and adopted in 1997 was terminated on 31 October 2000. The termination of the RMG 1997 Scheme did not affect the subscription rights comprised in options granted pursuant to the RMG 1997 Scheme prior to the termination. Such options continue to be exercisable in accordance with the rules of the RMG 1997 Scheme. On 31 October 2000, the shareholders of the Company approved the Raffles Medical Group (2000) Share Option Scheme (RMG 2000 Scheme) at the Extraordinary General Meeting. Both the Schemes are administered by the Committee comprising three directors, Associate Professor Wee Beng Geok, Dr Loo Choon Yong and Professor Lim Pin.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

**12 Employees' Share Options (cont'd)**

Information regarding the scheme are as follows:

**RMG 1997 Scheme**

- (i) 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.
- (ii) The options vest 1 year after the grant date.
- (iii) The options granted expire after 5 years from the grant date unless they are cancelled or have lapsed.

**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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

12 Employees' Share Options (cont'd)

As at the end of the financial year, details of the options granted under the Scheme on the unissued ordinary shares of \$0.10 each of the Company are as follows:

Proceeds on options exercised										
Date of grant of options	Exercise price	Number of options outstanding 1 Jan 2005	Options granted	Options exercised	Options cancelled /lapsed	Number of options outstanding 31 Dec 2005	Credited to share capital	Credited to share premium	Market price of shares at date of issue pursuant to the Scheme	Exercise period
9/3/2000	\$0.570	4,880,900	-	-	4,880,900	-	-	-	\$0.670 to \$0.680	9/3/01 to 8/3/05
15/2/2001	\$0.430	7,366,000	-	1,250,000	247,000	5,869,000	125,000	412,500	\$0.440	15/2/02 to 14/2/11
15/2/2001	\$0.430	610,000	-	50,000	-	560,000	5,000	16,500	\$0.440	15/2/03 to 14/2/11
15/2/2001	\$0.430	500,000	-	-	-	500,000	-	-	\$0.440	15/2/02 to 14/2/06
15/2/2001	\$0.430	50,000	-	-	-	50,000	-	-	\$0.440	15/2/03 to 14/2/06
8/4/2002	\$0.330	5,614,000	-	1,581,000	164,000	3,869,000	158,100	363,630	\$0.340	8/4/03 to 7/4/12
8/4/2002	\$0.330	1,071,000	-	652,000	-	419,000	65,200	149,960	\$0.340	8/4/04 to 7/4/12
8/4/2002	\$0.330	1,258,000	-	412,000	21,000	825,000	41,200	94,760	\$0.340	8/4/05 to 7/4/12
8/4/2002	\$0.330	595,000	-	180,000	-	415,000	18,000	41,400	\$0.340	8/4/03 to 7/4/07
8/4/2002	\$0.330	420,000	-	100,000	-	320,000	10,000	23,000	\$0.340	8/4/04 to 7/4/07
8/4/2002	\$0.330	120,000	-	20,000	-	100,000	2,000	4,600	\$0.340	8/4/05 to 7/4/07
31/3/2003	\$0.285	4,073,000	-	2,112,000	77,000	1,884,000	211,200	390,720	\$0.285	31/3/04 to 30/3/13
31/3/2003	\$0.285	1,050,000	-	798,000	32,000	220,000	79,800	147,630	\$0.285	31/3/05 to 30/3/13
31/3/2003	\$0.285	260,000	-	-	-	260,000	-	-	\$0.285	31/3/06 to 30/3/13
31/3/2003	\$0.285	690,000	-	71,000	-	619,000	7,100	13,135	\$0.285	31/3/04 to 30/3/08
31/3/2003	\$0.285	400,000	-	-	-	400,000	-	-	\$0.285	31/3/05 to 30/3/08
1/4/2004	\$0.420	6,092,000	-	1,374,000	325,000	4,393,000	137,400	439,680	\$0.420	1/4/05 to 31/3/14
1/4/2004	\$0.420	520,000	-	-	40,000	480,000	-	-	\$0.420	1/4/06 to 31/3/14
1/4/2004	\$0.420	462,000	-	-	-	462,000	-	-	\$0.420	1/4/05 to 31/3/09
1/4/2005	\$0.510	-	6,052,000	-	763,000	5,289,000	-	-	\$0.510	1/4/06 to 31/3/15
1/4/2005	\$0.510	-	949,000	-	80,000	869,000	-	-	\$0.510	1/4/07 to 31/3/15
1/4/2005	\$0.510	-	450,000	-	20,000	430,000	-	-	\$0.510	1/4/08 to 31/3/15
1/4/2005	\$0.510	-	260,000	-	-	260,000	-	-	\$0.510	1/4/06 to 31/3/10
1/4/2005	\$0.510	-	200,000	-	-	200,000	-	-	\$0.510	1/4/07 to 31/3/10
		36,031,900	7,911,000	8,600,000	6,649,900	28,693,000	860,000	2,097,515		

## 12 Employees' Share Options (cont'd)

Movements of share options vested:

Date of grant of options	Number of options vested as at 1 Jan 2005	Number of options vested in 2005	Number of options exercised in 2005	Number of options cancelled/lapsed in 2005	Number of options vested as at 31 Dec 2005	Exercise period
9/3/2000	4,880,900	-	-	4,880,900	-	9/3/01 to 8/3/05
15/2/2001	7,366,000	-	1,250,000	247,000	5,869,000	15/2/02 to 14/2/11
15/2/2001	610,000	-	50,000	-	560,000	15/2/03 to 14/2/11
15/2/2001	500,000	-	-	-	500,000	15/2/02 to 14/2/06
15/2/2001	50,000	-	-	-	50,000	15/2/03 to 14/2/06
8/4/2002	5,614,000	-	1,581,000	164,000	3,869,000	8/4/03 to 7/4/12
8/4/2002	1,071,000	-	652,000	-	419,000	8/4/04 to 7/4/12
8/4/2002	-	1,258,000	412,000	21,000	825,000	8/4/05 to 7/4/12
8/4/2002	595,000	-	180,000	-	415,000	8/4/03 to 7/4/07
8/4/2002	420,000	-	100,000	-	320,000	8/4/04 to 7/4/07
8/4/2002	-	120,000	20,000	-	100,000	8/4/05 to 7/4/07
31/3/2003	4,073,000	-	2,112,000	77,000	1,884,000	31/3/04 to 30/3/13
31/3/2003	-	1,050,000	798,000	32,000	220,000	31/3/05 to 30/3/13
31/3/2003	690,000	-	71,000	-	619,000	31/3/04 to 30/3/08
31/3/2003	-	400,000	-	-	400,000	31/3/05 to 30/3/08
1/4/2004	-	6,092,000	1,374,000	325,000	4,393,000	1/4/05 to 31/3/14
1/4/2004	-	462,000	-	-	462,000	1/4/05 to 31/3/09
	25,869,900	9,382,000	8,600,000	5,746,900	20,905,000	

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

**12 Employees' Share Options (cont'd)**

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.

<b>Date of grant of options</b>	<b>31/3/2003</b>	<b>1/4/2004</b>	<b>1/4/2005</b>
Fair value of share options and assumptions			
Fair value at measurement date	\$0.11	\$0.10	\$0.06
Share price	\$0.285	\$0.420	\$0.510
Exercise price	\$0.285	\$0.420	\$0.510
Expected volatility	50.6%	40.4%	23.3%
Expected option life	10 years	10 years	10 years
Expected dividend yield	3.4%	5.5%	5.7%
Risk-free interest rate	3.1%	3.2%	3.2%

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 grant date fair value measurement of the services received.

**13 Reserves**

	<b>Group</b>		<b>Company</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
		(Restated)		(Restated)
Share premium	56,172	54,075	56,172	54,075
Currency translation reserve	(8)	88	-	-
Share option reserve	1,123	636	560	306
Accumulated profits	10,168	6,185	4,347	8,822
	<u>67,455</u>	<u>60,984</u>	<u>61,079</u>	<u>63,203</u>

The application of the share premium account is governed by Section 69 of the Companies Act, Chapter 50.

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.

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

The accumulated profits of the Group include accumulated losses of \$3,370,000 (2004: \$4,690,000) attributable to the jointly-controlled entity.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

**14 Trade and Other Payables**

	<b>Group</b>		<b>Company</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade payables and accrued operating expenses	22,488	21,021	9,379	10,230
Trade amounts due to:				
- related parties	46	45	46	45
- subsidiaries	-	-	7,077	160
Non-trade amounts due to subsidiaries	-	-	692	714
Deferred income	880	55	-	-
Other payables	978	835	473	367
	<b>24,392</b>	<b>21,956</b>	<b>17,667</b>	<b>11,516</b>

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

**15 Interest-Bearing Liabilities**

	<b>Note</b>	<b>Group</b>		<b>Company</b>	
		<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Current liabilities</b>					
Unsecured bank overdrafts	10	362	160	-	-
Unsecured bank loans		1,983	1,916	1,983	1,916
Total borrowings		<b>2,345</b>	<b>2,076</b>	<b>1,983</b>	<b>1,916</b>

**Effective interest rates and repricing/maturity analysis**

	<b>Effective interest rate</b>	<b>Floating interest rate</b>	<b>Fixed interest rate maturing within 1 year</b>	<b>Total</b>
<b>Group</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>2005</b>				
HK\$ fixed rate term loan	4.25	-	1,983	1,983
Bank overdrafts	6.69	362	-	362
		<b>362</b>	<b>1,983</b>	<b>2,345</b>
<b>2004</b>				
HK\$ fixed rate term loan	2.61	-	1,916	1,916
Bank overdrafts	6.34	160	-	160
		<b>160</b>	<b>1,916</b>	<b>2,076</b>
<b>Company</b>				
<b>2005</b>				
HK\$ fixed rate term loan	4.25	-	1,983	1,983
<b>2004</b>				
HK\$ fixed rate term loan	2.61	-	1,916	1,916

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

**16 Segment Reporting**

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

Inter-segment pricing is determined on 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.

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.   |

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

16 Segment Reporting (cont'd)

Business Segments	Healthcare services		Hospital services		Investment holdings		Eliminations		Total operations	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue and expenses</b>		(Restated)		(Restated)						(Restated)
Revenue from external customers	52,606	54,888	60,214	46,491	78	77	-	-	112,898	101,456
Inter-segment revenue	219	38	4,457	3,579	469	506	(5,145)	(4,123)	-	-
Total revenue	52,825	54,926	64,671	50,070	547	583	(5,145)	(4,123)	112,898	101,456
Segment results	3,340	6,606	9,913	4,441	249	276	-	-	13,502	11,323
<b>Assets and liabilities</b>										
Finance costs									(81)	(70)
Share of profit in a jointly-controlled entity									1,375	1,188
Income tax expense									(2,758)	(2,957)
Profit for the year									12,038	9,484
<b>Segment assets</b>	135,444	129,906	35,999	22,981	8,240	8,571	(94,584)	(86,453)	85,099	75,005
Investment in jointly-controlled entity	-	-	-	-	53,000	51,680	-	-	53,000	51,680
Deferred tax assets									846	1,004
Total assets									138,945	127,689
<b>Segment liabilities</b>	30,959	22,564	12,123	10,465	63,160	63,647	(79,505)	(72,644)	26,737	24,032
Current and deferred tax liabilities									4,487	3,347
Total liabilities									31,224	27,379

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16 Segment Reporting (cont'd)  
Business Segments (cont'd)

	Healthcare services		Hospital services		Investment holdings		Eliminations		Total operations	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	(Restated)		(Restated)						(Restated)	
<b>Other segment information</b>										
Capital expenditure	1,956	926	3,801	634	-	-	-	(4)	5,757	1,556
Depreciation of property, plant and equipment	1,114	1,080	1,749	1,724	190	190	-	-	3,053	2,994
Amortisation of intangible assets	-	-	-	-	52	51	-	-	52	51
Other non-cash expenses/(income)	(70)	(441)	79	127	-	-	-	-	9	(314)

**Geographical Segments**

	Singapore		Hong Kong		Total operations	
	2005	2004	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	108,850	97,597	4,048	3,859	112,898	101,456
Segment assets	83,503	73,808	1,596	1,197	85,099	75,005
Capital expenditure	5,250	1,547	507	9	5,757	1,556

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

**17 Profit from Operations**

The following items have been included in arriving at profit from operations:

	Note	Group	
		2005 \$'000	2004 \$'000 (Restated)
Contingent rents		631	508
Contributions to defined contribution plans, included in staff costs		3,919	3,973
Exchange (gain)/loss		(134)	237
Interest income from fixed deposits and commercial notes		(806)	(361)
Loss/(Gain) on disposal of property, plant and equipment		6	(629)
Non-audit fees paid to auditors of the Company		20	64
Operating lease expense		9,008	7,978
Property, plant and equipment written off		39	108
Reversal of allowance for doubtful receivables		(36)	(422)
Value of employee services received for issue of share options, included in staff costs	22	487	570

**18 Key Management Personnel Compensation**

The key management personnel compensation are as follows:

	Group	
	2005 \$'000	2004 \$'000 (Restated)
Directors' remuneration included in staff costs:		
- the Company	2,359	2,161
- the subsidiaries	3,922	3,971
Directors' fees		
- the Company	110	110
- the subsidiaries	20	20
Equity compensation benefits	138	198
	6,549	6,460

**19 Finance Costs**

	Group	
	2005 \$'000	2004 \$'000
Interest paid and payable on:		
- bank loans	71	50
- bank overdrafts	10	20
	81	70

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

**20 Income Taxes**

	Note	Group	
		2005 \$'000	2004 \$'000 (Restated)
<b>Current tax expense</b>			
Current year		2,572	2,132
(Over)/Underprovided in prior years		(46)	19
		<u>2,526</u>	<u>2,151</u>
<b>Deferred tax expense</b>			
Movements in temporary differences		98	307
Reversal of deferred tax asset		79	350
Reduction in tax rate		-	56
	7	<u>177</u>	<u>713</u>
Share of tax of jointly-controlled entity		55	93
<b>Income tax expense</b>		<u>2,758</u>	<u>2,957</u>
<b>Reconciliation of effective tax rate</b>			
Profit before tax		<u>14,796</u>	<u>12,441</u>
Income tax using Singapore corporate tax rate of 20%		2,959	2,488
Effect of different tax rates in other countries		3	10
Effect of reduction in tax rate on temporary differences		-	108
Expenses not deductible for tax purposes		238	279
Income not subject to tax		(219)	(241)
(Over)/Underprovided in prior years		(46)	19
Tax rebate		(44)	-
Investment allowance		(200)	-
Reversal of deferred tax in respect of prior years		79	350
Others		(12)	(56)
		<u>2,758</u>	<u>2,957</u>

**21 Earnings Per Share**

	2005 \$'000	Group	
		2004 (Restated) \$'000	2004 (As previously reported) \$'000
Basic earnings per share is based on:			
Net profit attributable to ordinary shareholders	11,958	9,481	10,051

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

**21 Earnings Per Share (cont'd)**

	<b>2005</b>	<b>2004</b>
	<b>No. of shares</b>	<b>No. of shares</b>
	<b>'000</b>	<b>'000</b>
Weighted average number of shares outstanding during the year	391,748	387,344
Weighted average number of shares issued under share option scheme	5,690	2,696
Weighted average number of ordinary shares	<u>397,438</u>	<u>390,040</u>

	<b>2005</b>	<b>Group 2004</b>	<b>2004</b>
		<b>(Restated)</b>	<b>(As previously reported)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Diluted earnings per share is based on:			
Net profit attributable to ordinary shareholders	<u>11,958</u>	<u>9,481</u>	<u>10,051</u>

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 and issue of contingently issuable shares on the weighted average number of ordinary shares in issue is as follows:

	<b>2005</b>	<b>Group 2004</b>	<b>2004</b>
	<b>No. of shares</b>	<b>No. of shares</b>	<b>No. of shares</b>
		<b>(Restated)</b>	<b>(As previously reported)</b>
	<b>'000</b>	<b>'000</b>	<b>'000</b>
Weighted average number of:			
Ordinary shares used in the calculation of basic earnings per share	397,438	390,040	390,040
Potential ordinary shares issuable under share options	5,920	3,894	3,971
Weighted average number of ordinary issued and potential shares assuming full conversion	<u>403,358</u>	<u>393,934</u>	<u>394,011</u>

**22 Changes in Accounting Policies**

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended 31 December 2005.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

**22 Changes in Accounting Policies (cont'd)**

The changes in accounting policies arising from the adoption of FRS 102 *Share-based Payment*, is summarised below:

**FRS 102 Share-based Payment**

In accordance with the transitional provisions, FRS 102 has been applied to all grants after 22 November 2002 that were not yet vested as at 1 January 2005. The adoption of FRS 102 has resulted in a change in the Group's accounting policy for share-based payments, whereby the Group charges the cost of share options to the profit and loss account.

The adoption of FRS 102 resulted in:

	<b>Group</b>		<b>Company</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Decrease in opening accumulated profits	(636)	(66)	(306)	(30)
Increase in opening share option reserve	636	66	306	30
Increase in staff costs	487	570	254	276
Decrease in basic earnings per share (cent)	0.12	0.15		
Decrease in diluted earnings per share (cent)	0.12	0.14		

**23 Commitments****Operating lease commitments**

At 31 December 2005, 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>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Payable:				
- Within 1 year	10,481	9,263	3,947	3,068
- After 1 year but within 5 years	6,477	10,911	3,990	2,640
	16,958	20,174	7,937	5,708

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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

**23 Commitments (cont'd)****Sub-lease receivables**

At 31 December 2005, the Group has future minimum sub-lease income receivable under non-cancellable operating leases as follows:

	<b>2005</b>	<b>2004</b>
	<b>\$'000</b>	<b>\$'000</b>
Receivable:		
- Within 1 year	1,078	1,089
- After 1 year but within 5 years	1,034	1,468
	<u>2,112</u>	<u>2,557</u>

**Proposed dividends**

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

	<b>2005</b>	<b>2004</b>
	<b>\$'000</b>	<b>\$'000</b>
Final dividend proposed of 0.5 cent per share (tax exempt) (2004: Nil)	2,002	-
Final dividend proposed of 1.0 cent (2004: 1.5 cents) per share less tax at 20% (2004: 20%)	3,203	4,701
Special dividend proposed of 1.5 cents per share (tax exempt) (2004: 1.0 cent per share less tax at 20%)	6,005	3,134
	<u>11,210</u>	<u>7,835</u>

These dividends have not been provided for.

**24 Significant Related Party Transactions**

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>2005</b>	<b>2004</b>
	<b>\$'000</b>	<b>\$'000</b>
Operating lease expense	<u>6,250</u>	<u>5,777</u>

**Transactions with key management personnel**

Directors also participate in the Employee Share Option Scheme. 400,000 (2004: 400,000) were granted to the directors of the Company during the year. The share options that were granted during the year were on the same terms and conditions as those offered to other employees of the Company as described in Note 12. At the balance sheet date, 2,800,000 (2004: 2,620,000) of the share options granted to the directors of the Company were outstanding.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

**25 Financial Instruments****Financial risk management objectives and policies**

The Group is exposed to credit risk, interest rate risk and foreign currency risk which arises in the normal course of the Group's business. The Group has risk management policies and guidelines which set out its overall business strategies, its tolerance for risk and its general risk management philosophy.

**Credit risk**

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on customers requiring credit over the recommended limit set by management.

At the balance sheet date, there is no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets.

**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.

**Fair values of recognised financial instruments**

The face value less any estimated credit adjustments for 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, bank overdrafts, and interest-bearing loans and borrowings) are assumed to approximate their fair values.

The investment in commercial notes is based on amortised cost less impairment losses at the balance sheet date. The carrying amounts approximate their fair values.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

**26 Contingent Liabilities (Secured)**

As at 31 December 2005, the Company has given banks guarantees (secured) amounting to \$44,327,000 (2004: \$45,577,000) in respect of credit facilities extended to a jointly-controlled entity.

**27 Comparative Information**

Comparatives in the financial statements have been changed from the previous year due to the changes in accounting policies as described in Note 22 and to be consistent with current year presentation.

# Shareholdings Statistics

as at 6 March 2006

## SHARE CAPITAL

Paid-up Capital - \$40,162,199.90  
 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 6 March 2006, approximately 36.54% 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	43	0.54	17,258	0.00
1,000 - 10,000	6,434	80.51	24,932,874	6.21
10,001 - 1,000,000	1,494	18.70	55,087,656	13.72
1,000,001 and above	20	0.25	321,584,211	80.07
	7,991	100.00	401,621,999	100.00

## SHAREHOLDINGS STATISTICS (CONT'D)

## TOP 20 SHAREHOLDERS

No.	Name	No. of Shares	%
1	Raffles Medical Holdings Pte Ltd	158,907,000	39.57
2	DBS Nominees Pte Ltd	40,559,400	10.10
3	Loo Choon Yong	24,892,999	6.20
4	Overseas Union Bank Nominees Pte Ltd	20,000,000	4.98
5	Lu Qing Hui	16,000,000	3.98
6	Citibank Nominees Singapore Pte Ltd	11,730,000	2.92
7	United Overseas Bank Nominees Pte Ltd	9,618,600	2.39
8	Raffles Nominees Pte Ltd	6,918,000	1.72
9	HSBC (Singapore) Nominees Pte Ltd	6,462,000	1.61
10	HL Bank Nominees (S) Pte Ltd	4,149,000	1.03
11	OCBC Nominees Singapore Pte Ltd	3,575,400	0.89
12	Yii Hee Seng	2,337,000	0.58
13	Tan Tiang Lee	2,300,000	0.57
14	Hong Leong Finance Nominees Pte Ltd	2,171,100	0.54
15	Yang Ching Yu	2,160,000	0.54
16	Kwok Wai Ling	1,992,000	0.50
17	Goh Ah Hoe	1,722,000	0.43
18	NTUC Thrift & Loan Co-Operative Limited	1,550,000	0.39
19	SBS Nominees Pte Ltd	1,337,000	0.33
20	Shek Chee Keong	1,126,000	0.28
		319,507,499	79.55

## SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	%	Deemed Interest	%
Dr Loo Choon Yong	32,281,999	8.04	221,907,000	55.25
Raffles Medical Holdings Pte Ltd	205,907,000	51.27		

# Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 17th Annual General Meeting of the Company will be held at 585 North Bridge Road, Raffles Hospital #11-00, Singapore 188770 on Friday, 21 April 2006 at 3.00 pm to transact the following business:

## AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Accounts and the Auditors' Report thereon for the year ended 31 December 2005. **(Resolution 1)**
  
2. To approve the payment of a first and final dividend of 1.0 cent less tax and 0.5 cent tax exempt for the year ended 31 December 2005. **(Resolution 2)**
  
3. To approve the payment of a tax exempt special dividend of 1.5 cent for the year ended 31 December 2005. **(Resolution 3)**
  
4. To approve Directors' fees (\$110,000) for the year ended 31 December 2005 (2004:\$110,000). **(Resolution 4)**
  
5. To re-elect the following Directors who are retiring under Article 97 of the Articles of Association of the Company:
  - 5.1 Dr David McKinnon Lawrence
  - 5.2 Dr Loo Choon Yong**(Resolution 5)**
  
6. 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.
  - 6.1 Professor Lim Pin**(Resolution 6)**
  
7. To re-appoint KPMG as Auditors and authorise Directors to fix their remuneration. **(Resolution 7)**

## AS SPECIAL BUSINESS

8. Authority to issue new shares and convertible securities.

That pursuant to Section 161 of the Companies Act, and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the Directors to allot and issue shares and convertible securities in the Company (whether by way of rights, bonus, options or otherwise), 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 unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution 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 to be held, whichever is



## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

the earlier: PROVIDED THAT:

- a) the aggregate number of shares to be issued pursuant to this Resolution does not exceed 50% of the issued share capital of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to shareholders of the Company (the "Shareholders") does not exceed 20% of the issued share capital of the Company (as calculated in accordance with sub-paragraph (b) below); and
- b) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the percentage of issued share capital is based on the issued share capital of the Company as at the date of the passing of this Resolution after adjusting for new shares arising from conversion or exercise of convertible securities, new shares arising from exercising share options or vesting of share awards outstanding or subsisting as at the date of the passing of this Resolution, and any subsequent consolidation or subdivision of shares.

**(Resolution 8)**

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

**(Resolution 9)**

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

NOTICE IS ALSO HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed on 28 April 2006, for the preparation of dividend warrants. Duly completed transfers received by the Company's Registrar, M&C Services Private Limited, 138 Robinson Road, #17-00 The Corporate Office, Singapore 068906, up to the close of business at 5.00 p.m. on 27 April 2006 be registered to determine shareholders' entitlement to the proposed dividend. The proposed first and final dividend and the special dividend if approved at the Annual General Meeting will be paid on 10 May 2006.

### BY ORDER OF THE BOARD

**Singapore, 31 March 2006**

#### 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

## 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)

--	--	--	--

As my/our proxy/proxies to attend and to vote for me/us on my/our behalf, and if necessary, to demand a poll, at the Annual General Meeting of the Company to be held on Friday 21 April 2006 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.		FOR	AGAINST
	<b>ORDINARY BUSINESS</b>		
1	Adoption of Report and Accounts (Resolution 1)		
2	Declaration of Dividend (Resolution 2)		
3	Declaration of Special Dividend (Resolution 3)		
4	Approval of Directors' Fees (Resolution 4)		
5	Re-election of the following Directors in accordance with Article 97 of the Articles of Association of the Company 5.1 Dr David McKinnon Lawrence 5.2 Dr Loo Choon Yong (Resolution 5)		
6	Re-election of Professor Lim Pin retiring under Section 153(6) (Resolution 6)		
7	Re-appointment of KPMG as Auditors (Resolution 7)		
	<b>SPECIAL BUSINESS</b>		
8	Authority to issue shares up to 50% of issued capital (Resolution 8)		
9	Authority to offer and grant options in accordance with the Raffles Medical Group (2000) Share Option Scheme (Resolution 9)		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2006

Total Number of Shares Held

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

*Fold this Flap For Sealing*

**Please Affix  
Stamp Here**

**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 authorize by a resolution of its directors or other governing body such person as it thinks fit to act as its representative at the 16th 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.