RafflesMedicalGroup

Commitment & Trust

ANNUAL REPORT 2011

RafflesMedicalGroup

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

Cover: General Surgeon Dr Felicia Tan greeting a young patient along the corridor of the Hospital.

Vision:

we aspire to be your lifetime healthcare partner

Core Values:

compassion

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

commitment

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

excellence

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

value

We seek always to create value for you.

team-based care

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

Delivering Exceptional Care

For Raffles, the ***commitment*** to provide the best possible care and service to our patients is an unwavering one. The ***trust*** that they place in Raffles is a testament to our dedication in providing comprehensive and integrated healthcare of the highest quality over the last three and a half decades and beyond.

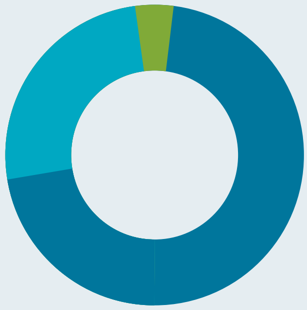
Financial Highlights

Revenue Contribution by Segment

60% Hospital Services

36% Healthcare Services

4% Investment



2011 Performance at a Glance

Profit after Tax
11.3%
Profit after tax grew 11.3% to S$50.6 million

Operating Profit
12.3%
Operating profit grew by 12.3% to S$59.5 million

Group Revenue
14.1%
Group achieved 14.1% growth in revenue to S$272.8 million

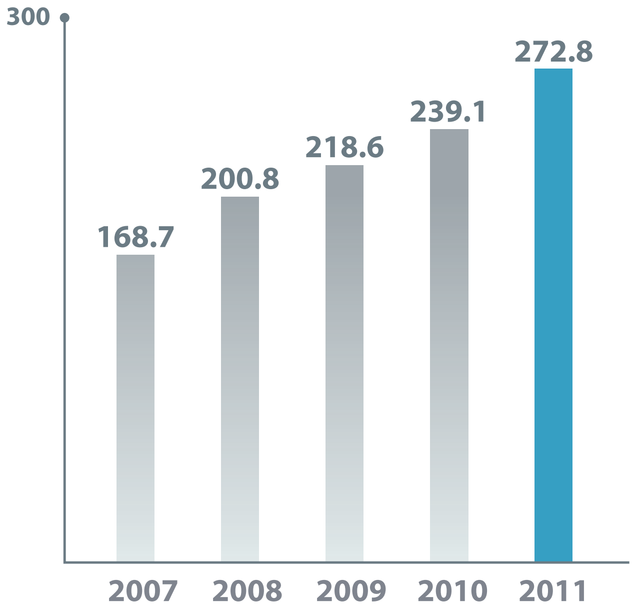
Healthcare Services Division
10.9%
Revenue from Healthcare Services Division grew 10.9% to S$105.2 million

Hospital Services Division
14.6%
Revenue from Hospital Services Division grew 14.6% to S$177.2 million

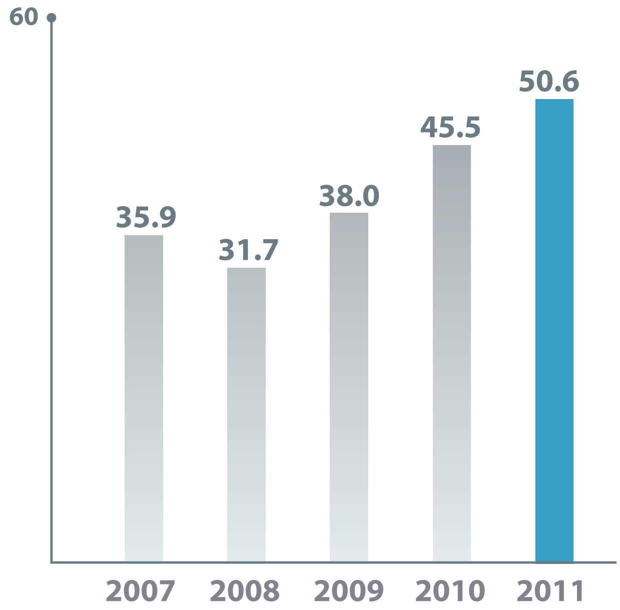
Financial Summary

	2007 S$'000	2008 S$'000	2009 S$'000	2010 S$'000	2011 S$'000
Revenue	168,659	200,769	218,610	239,123	272,783
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	44,249	45,385	52,220	59, 955	66,750
Operating Profit	26,396	38,715	45,277	52,969	59,510
Profit Before Tax	41,422	38,350	45,047	53,096	59,440
Profit After Tax	35,924	31,660	38,033	45,482	50,621
Diluted Earnings per Share (cents)	7.23	6.02	7.22	8.51	9.36
Net Asset Value per Share (cents)	38.98	42.87	48.04	54.46	62.51
Return on Equity (%)	17.9	14.2	15.2	15.8	15.1

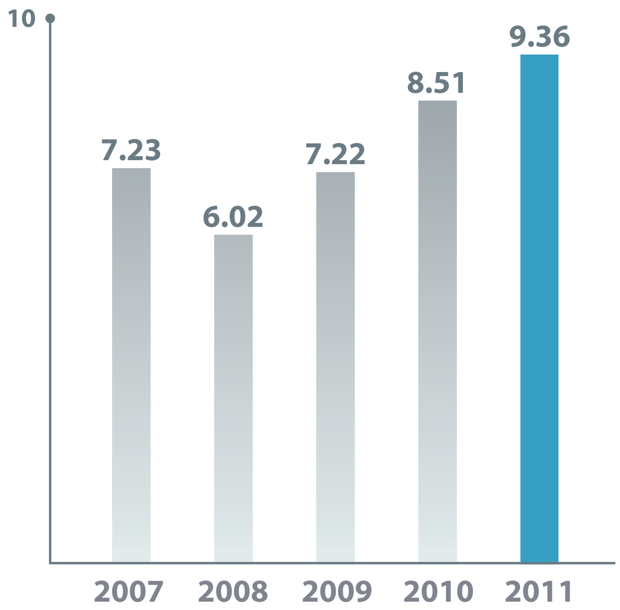
Group Revenue (S$'m)



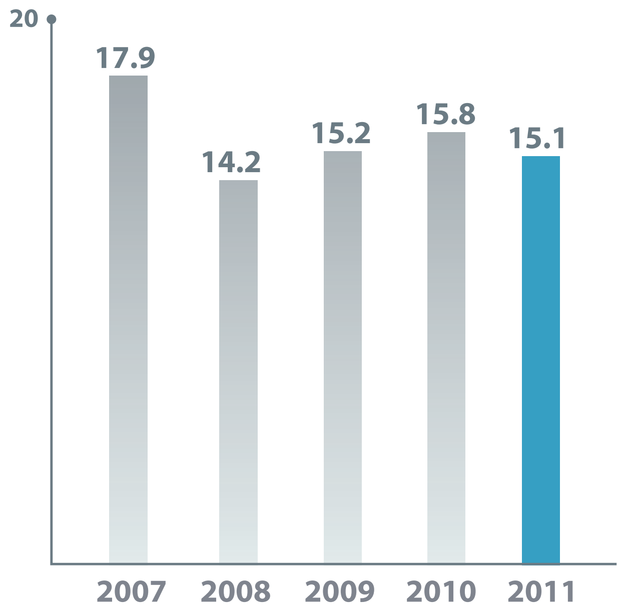
Group Profit After Tax (S$'m)



Earnings Per Share (cents)



Return On Equity (%)




A playful young patient during a consultation

heart to HEART

Our thoughtful attention to detail and a commitment to serve with our hearts enable us to delight our patients at every touch point. We earn their trust through an unyielding pursuit to offer appropriate and timely medical services in a caring environment.

Chairman's Statement

Dr Loo Choon Yong
Executive Chairman

"We are grateful for the trust bestowed on us by our patients, corporate clients and our many partners."

Dear Shareholders,

2011 was another good year for us. The Group achieved another record Group revenue of $273.8 million, a growth of 14.1% over the previous year. We also reported a record profit after tax of $50.6 million, a 11.3% growth. All divisions of the Group contributed to this excellent performance.

GROWTH IN SINGAPORE

The Group's leading position amongst employers has been recognised when it won the "Preferred Employee Healthcare Consultant" award.

Our Raffles Medical and Raffles Dental clinics continue to grow in patient revenue, volume and clinic locations. Raffles Hospital's local and regional patient revenue and volumes also grew strongly as its reputation as a professional and reliable international medical specialist centre grows.

The planning and preparatory work for the Raffles Specialist Centre, Orchard at 30 Bideford Road has been finalised and renovation works will begin sometime in 2012 as tenancies end. This new centre is scheduled to open in the first half of 2013. It is well positioned to serve our patients living in the area, as well as the many regional visitors to Singapore.

The Raffles Hospital extension will also enable the hospital division to continue its growth momentum. Work is expected to begin later this year and the hospital extension is expected to be ready in early 2015.

This capacity expansion in Singapore will enable the Group to serve more local and foreign patients as the Singapore healthcare sector grows. A growing as well as aging population together with the growing affluence all fuel greater demand for high quality healthcare services. The government announced increases in healthcare spending over the next five years as well as its intention to promote public-private partnership in the provision of care to subsidised patients. The Group has actively participated in these partnership programmes.

GROWTH IN THE REGION

Raffles Medical, Hong Kong is growing again and a new comprehensive clinic in Central has been opened. It is growing steadily together with the Group's two other clinics.

Raffles Medical, Shanghai has grown steadily and is warmly received by the expatriates working and living in Shanghai as well as the affluent local Chinese population. This initial traction should blossom into a significant business flow in the future.

CORPORATE SOCIAL RESPONSIBILITY

In the midst of business growth, the Group raised $346,000 at its 35th Anniversary Corporate Dinner for three charities dedicated to the care of elderly. The Raffles Medical Scholarship programme launched at our 35th Anniversary will see its first batch of scholars joining the local universities in the coming year. We are grateful to have these opportunities to contribute to our society.

APPRECIATION

We are grateful for the trust bestowed on us by our patients, corporate clients and our many partners. We continue to pledge our collective and personal commitment to deliver compassionate care and services to each and every one of our patients. In this endeavour, we recognise the contributions of every staff - physicians, nurses, managers and healthcare personnel.

We also appreciate the guidance of our Board of Directors. Mr Tham Kui Seng will be retiring from the Board at the coming Annual General Meeting and we would like to thank him for his service and contributions to the Group.

As the Group grows, we have thoughtfully enlarged our Board to induct a wider range of expertise. In this regard, we warmly welcome Mr Koh Poh Tiong and Mr Kee Teck Koon to the Board of Directors.

We also thank all shareholders for their continued support of the Group.

DR LOO CHOON YONG
Executive Chairman

Board of Directors

1. DR LOO CHOON YONG
Executive Chairman and Co-Founder
Raffles Medical Group

Dr Loo Choon Yong is the Executive Chairman of Raffles Medical Group. He co-founded the Raffles Medical Group in 1976 and was appointed to his current position in 1997 when the Group was listed in the Singapore Stock Exchange.

Dr Loo was appointed by the President of Singapore as the Ambassador to the Italian Republic from March 2006. He was appointed by the Ministry of Trade and Industry as Chairman, Sentosa Development Corporation Ltd and Sentosa Golf Club on 1 March 2007. He is a member of the Board of Trustees of Singapore Management University (SMU) and the Chairman of the Asian Medical Foundation Ltd. Dr Loo is also an independent director of CapitaMalls Asia Limited.

Dr Loo was the Nominated Member of Parliament from January 2005 to May 2006 and again from January 2007 to June 2009. He was the former Deputy Chairman of the Action Committee for Entrepreneurship (ACE), a public-private collaboration to promote entrepreneurship in Singapore. He also served as a member of the Government Economic Review Committee (ERC) from December 2001 to February 2003 and Chairman of the ERC's Healthcare Services Working Group (HSWG).

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

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

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

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

2. MR TAN SOO NAN
Independent Director

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

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

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

3. ASSOCIATE PROFESSOR WEE BENG GEOK
Independent Director

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

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

4. PROFESSOR LIM PIN
Independent Director

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

Professor Lim chairs the National Wages Council, Singapore Millennium Foundation, Special Needs Trust Company, Tropical Marine Science Institute Management Board and is Adviser to the Bioethics Advisory Committee. He co-chairs several joint committees with overseas institutes to establish research centres in the Campus for Research Excellence and Technological Enterprise (CREATE) in Singapore.

He joined the Board on 19 February 2001.

5. MR THAM KUI SENG
Independent Director

Mr Tham is a director of Global Logistics Properties Limited, Sembcorp Industries Ltd, Straits Trading Company Limited, CapitaLand China Holdings Pte Ltd, and SPI (Australia) Assets Pty Ltd. He also serves on the Board of The Housing and Development Board. Mr Tham was the former Chief Corporate Officer of CapitaLand Limited and the Chief Executive Officer of CapitaLand Residential Limited.

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

6. MR OLIVIER LIM
Independent Director

Mr Olivier Lim is the Chief Investment Officer of CapitaLand Limited (listed on the SGX-ST). He is concurrently the non-executive Chairman of Australand Holdings Limited (listed on the Australian Securities Exchange), and a non-executive director of CapitaMalls Asia Limited (listed on the SGX-ST and The Stock Exchange of Hong Kong Limited), CapitaMall Trust Management Limited (the manager of CapitaMall Trust listed on the SGX-ST), and CapitaCommercial Trust Management Limited (the manager of CapitaCommercial Trust listed on the SGX-ST). Mr Lim also serves as a board member of Sentosa Development Corporation, and as the non-executive Chairman of its subsidiary, Mount Faber Leisure Group Pte Ltd.

He was CapitaLand's Group CFO for six years until 2011. Prior to joining CapitaLand Limited in 2003, he was Director and Head of the Real Estate Unit, Corporate Banking in Citibank Singapore.

Mr Lim holds a First Class Honours degree in Civil Engineering from Imperial College, London. He was named CFO of the Year in 2007 (for firms with market value of S$500 million or more) in The Business Times' Singapore Corporate Awards. He was also named CFO of the Year by The Asset magazine in its 2010 Asian Awards. He was awarded Best Investor Relations by a CFO by IR Magazine for South East Asia for 2009, 2010 and 2011 and Pan-Asia for 2011.

He joined the Board on 1 October 2009.

7. MR KOH POH TIONG
Independent Director

Mr Koh Poh Tiong retired as CEO of Fraser & Neave Limited (Food & Beverage Division) in October 2011 having previously served as Chief Executive Officer of Asia Pacific Breweries from 1993 to 2008.

Mr Koh is currently the Vice Chairman and Senior Advisor of Ezra Holdings Limited and he continues to serve as a Director at The Great Eastern Life Assurance Company Limited, PSA International Pte Ltd and PSA Corporation Limited, SATS Ltd, United Engineers Limited and Petra Foods Limited. In addition, Mr Koh was also the Chairman of the Agri-Food & Veterinary Authority and Director at Wildlife Reserves Singapore Pte Ltd, Jurong Bird Park Pte Ltd and Media Corporation of Singapore Pte Ltd.

Mr Koh is noted for this strong civic involvement and his long-standing interest in sports and education. He has served on the Singapore Youth Olympic Games Organising Committee, the Singapore Sports Council and the Football Association of Singapore, as well as on the MBA Advisory Board of the Nanyang Technological University. He is currently Council Chairman for The Singapore Kindness Movement. For his contributions to society and business, Mr Koh was conferred both the Public Service Medal and the Service to Education Medal in 2007. He was also named Outstanding Chief Executive of the Year at the Singapore Business Awards 1998 by DHL and The Business Times.

He joined the Board on 3 Oct 2011.

8. MR KEE TECK KOON
Independent Director

Mr Kee Teck Koon is currently the Non Executive Chairman of CapitaMalls Malaysia REIT Management Sdn. Bhd. (the manager of CapitaMalls Malaysia Trust listed on Bursa Malaysia Securities Berhad), NTUC First Campus and Lien AID. He also holds directorship positions in CapitaMall Trust Management Ltd, Changi Airports International Pte Ltd, NTUC LearningHub Pte Ltd, and Alexandra Health Endowment Fund.

Mr Kee retired as the Chief Investment Officer of CapitaLand Limited (listed on the SGX-ST) on 1 July 2009, a position he assumed since February 2007. Between April 2003 and January 2007, he was responsible for overseeing the CapitaLand group's Financial, Commercial and Retail businesses. Prior to that, he was the Managing Director and Chief Executive Officer of The Ascott Limited from November 2000 to April 2003. The Ascott Group is today the largest serviced residence company in the world outside of the USA. Mr Kee has also held senior management appointments with several other organisations. He started his career in 1979 with the Singapore Armed Forces and the Ministry of Defense where he remained until 1991.

Mr Kee holds a Master of Arts in Engineering Science from the University of Oxford, United Kingdom.

He joined the Board on 3 Jan 2012.

Nurse Clinician Liu Wei Wei sharing a moment with a patient at the Hospital's sky garden

hand in HAND

We go out of our way to improve the well-being of our patients as healthcare is our passion. We strive towards excellence in delivering patient-centric solutions and give our utmost to add value to their experience.

Being by our patients' side in every step of their recovery allows us to build a special bond with them. This bond stands the tests of time and distance as patients, both local and foreign, make Raffles their healthcare partner of choice.

Senior Management

DR LOO CHOON YONG
Executive Chairman
Raffles Medical Group

DR PREM KUMAR NAIR
Chief Corporate Officer
Raffles Medical Group

MR LUI CHONG CHEE
Chief Financial Officer
Raffles Medical Group

MR LAWRENCE LIM
General Manager
Raffles Hospital

MRS KIMMY GOH
Group Financial Controller
Raffles Medical Group

DR KENNETH WU
General Manager
Raffles Medical Clinics

MR VICTOR LYE
General Manager
International Medical Insurers

MRS SOK LEE CHANDRAN
Director, Corporate Finance
Raffles Medical Group

DR JOSEPH SOON
General Manager
Raffles Dental

MS DOREEN TAN
Director, Human Resource
Raffles Medical Group

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

Clinical Leaders

DR ALFRED LOH
Senior Clinical Director
Raffles Medical Clinics

PROF WALTER TAN
Medical Director
Raffles Hospital

DR WILSON WONG
Medical Director
Raffles Medical Clinics

DR YANG CHING YU
Medical Director
Raffles Hospital

DR YII HEE SENG
Medical Director
International Medical Insurers

DR ONISHI YOICHI
Medical Director
Raffles Japanese Clinic

A/PROF ADRIAN YAP
Dental Director
Raffles Dental

DR CHARLES POON
Medical Director
Raffles Medical Group, Shanghai

DR CHNG SHIH KIAT
Deputy Medical Director
Raffles Medical Clinics

DR LEE JONG JIAN
Deputy Medical Director
Raffles Hospital

DR LENA MOTODA
Deputy Medical Director
Raffles Japanese Clinic

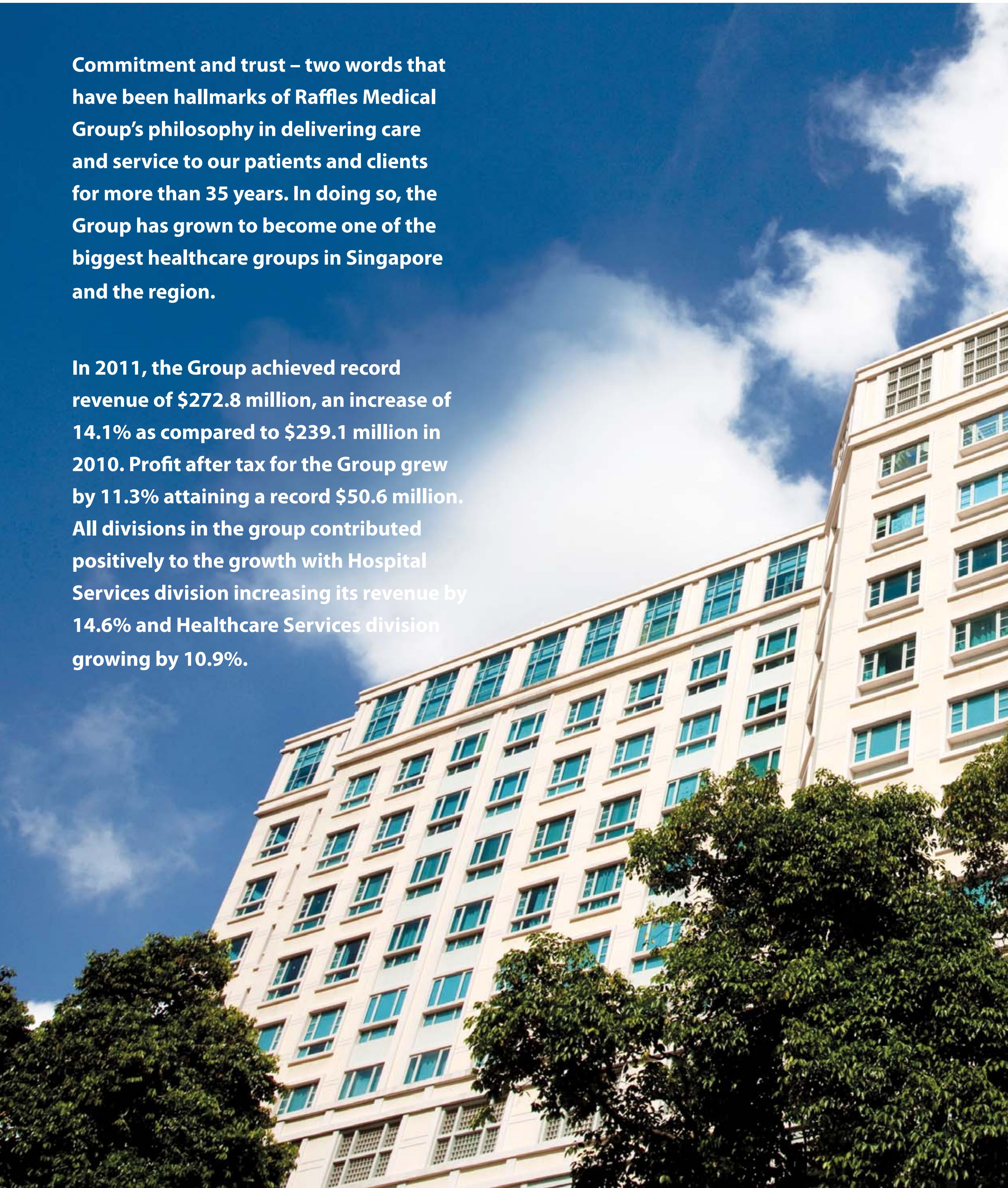
Our Airport Medical Response team comprising (*from left to right):* Medical Technician Ruffy Fernandez, Family Physician Dr Cheryl Kam, Ambulance Driver Mohamad Kunju Bin Hamid and Medical Technician Marie Francesca Bonoan

strength to STRENGTH

As we progress into our 36th year as a healthcare organisation, we are ever committed to this simple premise: *To our patients our best*, so as to benefit them and the community, today and for generations to come.

To achieve our goal of becoming a world-class integrated healthcare organisation, we work together as a team of doctors, nurses, allied health staff and healthcare managers, to provide integrated multi-disciplinary care to our patients.

Operations Review



Commitment and trust – two words that have been hallmarks of Raffles Medical Group's philosophy in delivering care and service to our patients and clients for more than 35 years. In doing so, the Group has grown to become one of the biggest healthcare groups in Singapore and the region.

In 2011, the Group achieved record revenue of $272.8 million, an increase of 14.1% as compared to $239.1 million in 2010. Profit after tax for the Group grew by 11.3% attaining a record $50.6 million. All divisions in the group contributed positively to the growth with Hospital Services division increasing its revenue by 14.6% and Healthcare Services division growing by 10.9%.

Raffles Hospital received re-accreditation by the Joint Commission International that recognises the hospital's commitment in providing quality care to patients by meeting international benchmarks in best healthcare practices.

Operations Review (Cont'd)

(From left to right): Oncologists Dr Toh Chee Keong and Dr Lynette Ngo, attending to an inpatient with Staff Nurse Chua Wei Ting.

RAFFLES HOSPITAL

Exceptional Care That You Can Rely On

Raffles Hospital continued to set high standards of patient care and safety. On 26 November 2011, the hospital successfully achieved re-accreditation by Joint Commission International (JCI). It was first accredited in December 2008. The hospital performed well in the exercise, meeting 98% of all the measurable elements in the survey. The JCI mark recognises the hospital's commitment in providing quality care to patients by meeting international benchmarks in best healthcare practices. In addition, the ISO 9001:2008 re-certification was obtained on 24 October 2011.

New specialist consultants in the areas of Obstetrics & Gynaecology, Diagnostic Radiology, General Surgery, Renal Medicine, Rheumatology, Dermatology, Orthopaedic Surgery, Otorhinolaryngology and Haematology were recruited to join the current pool of specialists in strengthening the breadth and depth of clinical expertise in the hospital.

Staying at the Cutting Edge of Medical Science

To offer patients the best in medical treatments, a series of new procedures were introduced in the course of the year. These include Selective Internal Radiation Therapy (SIRT) - a treatment option for liver tumours that cannot be removed by surgery; Renal Denervation (RDN) - a new procedure that can permanently reduce blood pressure levels by up to 30 mm/Hg in hypertensive patients who are resistant to traditional hypertension drugs; and Radioisotope Occult Lesion Localisation (ROLL) - a new technique that allows a surgeon to perform a quicker and more precise removal of a

To offer our patients the best in medical science, we keep up-to-date with the latest treatments available.

In the photo (from left to right): Staff Nurse Zar Chi Win, General Surgeon Dr Wong Kutt Sing and Anaesthetist Dr Ho Kok Yuen in the midst of a laparoscopic surgery.

tumour on early stage breast cancer patients with superior cosmetic outcome in breast conservation.

In addition, a digital breast tomosynthesis (DBT) machine, which uses 3D imaging technology and allows harmless breast tissue tumours to be distinguished more clearly, was introduced. With this move, the Radiology department is now a fully digital centre.

Travelling Miles for Trusted Care

In 2011, the hospital drew more international patients from all over the world. Patients from Indochina saw a significant increase. Patient visits from the Middle East saw a double digit increase, and many of them sought treatment for complex medical conditions at Raffles. Strong and effective marketing efforts through patient referral networks, international insurers, medical evacuation companies, overseas liaison offices and associates contributed to the growth.

RAFFLES MEDICAL

Committed to Bringing Healthcare Closer to You

Raffles Medical set up more clinics in 2011. Clinics were opened in new shopping malls in Singapore, namely nex, I12 Katong and Changi City Point. A corporate medical centre at Asia Square strengthened Raffles' traditional presence in the Central Business District. To serve its existing patients better, the Robinson Point clinic was relocated to 80 Robinson Road in January 2012 and facilities at Tampines 1 medical centre was expanded.

As an on-going effort to support key national thrusts in maintaining a healthy lifestyle, Raffles Medical emphasised health screening, chronic disease care and vaccination services to patients. All Raffles Medical clinics are accredited to serve Singaporeans under the Community Health Assistance Scheme (CHAS), where eligible patients can enjoy subsidised rates at any Raffles Medical clinic from January 2012.

Raffles Medical won the Preferred Employee Healthcare Consultant awarded under the HR Vendor of the Year 2011.

Senior Physician and Deputy Director of Raffles Medical Dr Choo Shiao Hoe in the midst of a consultation with a corporate patient.

Operations Review (Cont'd)

To meet the different needs and requirements of its clients, IMI offers customisable and comprehensive healthcare plans.

Your Trusted Corporate Healthcare Partner

Raffles Medical was the Winner of the Preferred Employee Healthcare Consultant award under the HR Vendor of the Year 2011 survey conducted by the Human Resources magazine with key healthcare professionals from MNCs, SMEs and government agencies. This reaffirmed its level of professionalism and commitment in partnering organisations to improve employees' health and well-being.

More MNCs, SMEs and government agencies chose to place their trust in the corporate healthcare services that harness the convenience, strength and patient-centric approach of the Group, as Raffles Medical continued to serve growing needs of its existing clients.

RAFFLES DENTAL

For Smiles You Can Trust

Tampines 1 dental clinic was expanded from a two-chair to four-chair operation to accommodate the increasing patient load. The five-chair clinic at Raffles Hospital will be relocated and doubled in size to a 10-chair set up. Two new specialists and five dental surgeons joined the team to increase the level and scope of services to patients.

RAFFLES HEALTH

Commitment to Good Health

The nutraceutical arm of the Group, Raffles Health, did well in 2011. It extended the range of products developed and marketed under the Raffles and Kidds brands. Plans to expand the range to include Chinese Proprietary Medicine products like cordyceps and lingzhi are underway.

RAFFLES MEDICAL INTERNATIONAL

Trusted Services Beyond Singapore

Raffles Medical Shanghai, the one-stop comprehensive medical centre in the commercial hub of China, experienced steady growth in its patient load for family medicine, health screening, dental and Japanese clinic services.

Raffles Dental expanded its clinics with more chairs and new dental surgeons and specialists joining the team to meet its increasing patient load.

In the photo: General Dental Surgeon Dr Lee Leing conducting a dental check on her patient's teeth.

To further consolidate the presence of the group in Hong Kong, a new Raffles Medical clinic was opened at Central. It is a premiere one-stop medical centre with medical, radiology and ultrasound facilities that aims to offer convenience to working executives and affluent patients.

INTERNATIONAL MEDICAL INSURERS

Dedicated to Financing Healthcare

In 2011, International Medical Insurers (IMI) chalked up a steady increase in the number of individual and corporate clients. IMI expanded its business by reaching more people with its comprehensive and customisable range of healthcare plans that aim to cater to their different needs and requirements.

Its global medical insurance sales also grew strongly with a greater focus on building distribution channels.

CORPORATE SOCIAL RESPONSIBILTY

Giving Back to Society

Raffles Medical Group (RMG) celebrated its 35th anniversary with a series of events in 2011. One of the major events was a charity golf tournament held on April 8 at the Raffles Country Club. Charitable golf enthusiasts from the healthcare industry, as well as the Group's corporate clients, gathered to give their best shot for a good cause.

This event was organised to raise funds in aid of the elderly at the three adopted beneficiaries, namely St. Joseph's Home, Alzheimer's Disease Association and Ling Kwang Home. In addition to the funds raised during the charity golf tournament, donation boxes were placed at the counters in Raffles Medical clinics and Raffles Hospital's specialist centres to encourage patients to participate in the joy of giving. More funds were also raised during the RMG's annual corporate dinner and $346,000 was raised for the three charities.

CREATING NEW MILESTONES

Planning and preparatory work is underway for the new Specialist Centre at Thong Sia Building in Bideford Road and the expansion of the current Raffles Hospital campus by an additional 102,408 square feet. The Group looks forward to these projects coming on stream in the next few years.

As Raffles progresses into the future, our vision and core values, as well as our group practice model, will always remain as key anchors of the organisation. The trust that patients and their families place in Raffles is a testament to our commitment in delivering care and service of the highest quality to them.

Service is an important component of healthcare. And at Raffles, we seek to delight our patients every day.

In the photo: Medical Technician Lizbeth Ann Empaces explaining the dosage of a medication to a patient.

Our group practice model will remain, as always, the key anchor of the organisation.

In the photo (from left to right): Medical Technologist Gan Yih Jin, Staff Nurse Zhuo Xiao Ying, Family Physician Dr Fong Qi Wei, ENT Surgeon Dr Kenneth Oo and Senior Confidential Secretary June Lee.

Professional Governance

RafflesHospital

MEDICAL ADVISORY BOARD

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

CREDENTIALLING & PRIVILEGING COMMITTEE

Dr Yang Ching Yu
(Chairman)
Dr Khoo Chong Yew
Dr Alfred Loh
Dr S Krishnamoorthy
Professor Walter Tan
(Ex Officio)

ETHICS COMMITTEE

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

QUALITY COMMITTEE

Dr Alfred Loh
(Chairman)
Mr Lawrence Lim
(Co-Chairman)
Dr JJ Murugasu
Professor Walter Tan
Dr Yang Ching Yu
Dr Wilson Wong
Mdm Tan Lay Geok
Ms Kartini Sameejan
Ms Pang Yen Yin
(Secretary)

MEDICAL AUDIT COMMITTEE

Dr Chan Choong Chee
(Chairman)
Dr Teo Sek Khee
Dr Ng Wai Lin
Dr Veronica Toh
Dr Alfred Loh
(Ex Officio)
Ms Kartini Sameejan
(Secretary)

SURGICAL AUDIT COMMITTEE

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

PHARMACY & THERAPEUTICS COMMITTEE

Dr Yang Ching Yu
(Chairman)
Dr Law Ngai Moh
(Co-Chairman)
Dr Teo Sek Khee
Dr Yii Hee Seng

INFECTION CONTROL COMMITTEE

Dr Teo Sek Khee
(Chairman)
Dr Wong Kutt Sing
Dr Rachel Chan Wai Wai
Ms Kartini Sameejan
Ms Ong Suat Kien
Ms Wong Kim Tee Roselyn
Ms Lee Lai Fun
Ms Esther Thng Hui Hui

OPERATING THEATRE COMMITTEE

Dr Eric Teh
(Chairman)
Dr Stephen Lee
Dr Thong Pao-Wen
Dr Yang Ching Yu
Dr Tan Yew Ghee
Dr Lim Yeow Wai
Dr David Wong
Dr Fong Yan Kit
Dr Lee Jong Jian
Mdm Tan Lay Geok
Ms Teo Poh Lin
(Secretary)

BLOOD TRANSFUSION & TISSUE REVIEW COMMITTEE

Dr Ekachai Danpanich
(Chairman)

Dr S Krishnamoorthy
(Co-Chairman)

Dr Koh Gim Hwee

Dr Jean Ho

Dr Toh Chee Keong

Dr Arvinder Kaur

Ms Fa'eezah Bte Hamzah

Ms Pang Yen Yin

Mr Seow Ser Hoe
(Secretary)

PATIENT CASE REVIEW COMMITTEE

Dr Ng Chin
(Chairman)

Dr Alvin Ng Chee Keong
(Co-Chairman)

Dr Sheila Loh

Dr Tan Hsiang Lung

Dr Rachel Chan Wai Wai

Mdm Tan Lay Geok

Ms Kartini Sameejan

Ms Ong Suat Kien

Ms Fa'eezah Bte Hamzah
(Secretary)

CRITICAL CARE COMMITTEE

Dr Chan Choong Chee
(Chairman)

Dr Alvin Ng Chee Keong

Dr Wong Kutt Sing

Dr Veronica Toh

Dr Steve Yang Tze Yi

Dr Alex Lee

Dr Gabriel Cheong

Mr Muhammad Nasir
(Secretary)

RafflesMedical

MEDICAL BOARD

Dr Wilson Wong
(Chairman)

Dr Chng Shih Kiat
(Co-Chairman)

Dr Alfred Loh

Dr Yii Hee Seng

Dr Salleh Omar Alkhatia

Dr Hoo Kai Meng

Dr Chin Min Kwong

Dr Choo Shiao Hoe

PHARMACY & THERAPEUTICS COMMITTEE

Dr Yii Hee Seng
(Chairman)

Dr Hoo Kai Meng

Corporate Information

RafflesMedicalGroup

BOARD OF DIRECTORS

Dr Loo Choon Yong
(Executive Chairman)

Mr Tan Soo Nan
(Independent Director)

Associate Professor Wee Beng Geok
(Independent Director)

Professor Lim Pin
(Independent Director)

Mr Tham Kui Seng
(Independent Director)

Mr Lim Tse Ghow Olivier
(Independent Director)

Mr Koh Poh Tiong
(Independent Director)

Mr Kee Teck Koon
(Independent Director)

AUDIT COMMITTEE

Mr Tan Soo Nan
(Chairman)

Associate Professor Wee Beng Geok

Mr Tham Kui Seng

Dr Loo Choon Yong

NOMINATION & COMPENSATION COMMITTEE

Associate Professor Wee Beng Geok
(Chairman)
Professor Lim Pin
Dr Loo Choon Yong

RERGISTERED / CORPORATE OFFICE

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

COMPANY SECRETARIES

Mrs Sok Lee Chandran
Ms Tay Kim Choon Kimmy

SHARE REGISTRAR

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

AUDITORS

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

PRINCIPAL BANKERS

DBS Bank Ltd
Overseas-Chinese Banking Corporation Limited
United Overseas Bank Limited

IMI
International Medical Insurers Pte Ltd

BOARD OF DIRECTORS

Dr Loo Choon Yong
(Chairman)

Mr Tan Soo Nan
(Non-Executive Director)

Mr N Ganesan s/o N N Pillay
(Independent Director)

Mr Ngiam Tong Dow
(Independent Director)

Mr Edmund Koh Kian Chew
(Independent Director)

COMPANY SECRETARIES

Mrs Sok Lee Chandran
Ms Tay Kim Choon Kimmy

AUDITORS

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

PRINCIPAL BANKERS

DBS Bank Ltd
United Overseas Bank Limited

Corporate Governance

CORPORATE GOVERNANCE STATEMENT

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

PRINCIPLE 1: THE BOARD'S CONDUCT OF ITS AFFAIRS

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

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

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

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

TRAINING OF DIRECTORS

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

ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

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

Name of Director	Board		Audit Committee		Nomination & Compensation Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Dr Loo Choon Yong	4	4	4	4	1	1
Mr Tan Soo Nan	4	4	4	4	NA	NA
Associate Professor Wee Beng Geok	4	4	4	4	1	1
Professor Lim Pin	4	4	NA	NA	1	1
Mr Tham Kui Seng	4	4	4	4	NA	NA
Mr Lim Tse Ghow Olivier	4	4	NA	NA	NA	NA
Mr Koh Poh Tiong*	4	–	NA	NA	NA	NA
Mr Kee Teck Koon*	4	NA	NA	NA	NA	NA

Note:
**Mr Koh Poh Tiong and Mr Kee Teck Koon were appointed Independent Directors on 3 October 2011 and 3 January 2012 respectively.*
NA: Not applicable

Corporate Governance (cont'd)

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

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

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

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

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

Name of Director	Date of Appointment	Nature of Appointment	Prime Function	Other Functions	Academic and Professional Qualifications
Dr Loo Choon Yong Age: 63	16/5/1989	Executive/ Non-independent	Chairman	Member of Nomination & Compensation Committee and Audit Committee	MBBS (Singapore), MCFP (Singapore), Dip. Cardiac Medicine (London), LLB (Honours) London, Barrister (Middle Temple)
Mr Tan Soo Nan Age: 63	28/7/2000	Non-executive/ Independent	Member	Chairman of Audit Committee	Bachelor of Business Administration (Honours) (Singapore), Associate of The Chartered Institute of Bankers Chief Executive of Singapore Totalisator Board and Chief Executive Officer of Singapore Pools (Pte) Ltd
Associate Professor Wee Beng Geok Age: 63	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), Bachelor of Business Administration (Singapore) Associate Professor at Nanyang Business School, Nanyang Technological University
Professor Lim Pin Age: 76	19/2/2001	Non-executive/ Independent	Member	Member of Nomination & Compensation Committee	MBBChir (Cambridge), MA (Cambridge), MD (Cambridge), FAM, FRCP (London), FRACP, FRCPE, FACP NUS University Professor, Professor of Medicine at National University of Singapore and Senior Consultant Endocrinologist at National University Hospital
Mr Tham Kui Seng Age: 54	1/10/2009	Non-executive/ Independent	Member	Member of Audit Committee	Bachelor of Arts (Honours) Engineering Science (University of Oxford, United Kingdom)

Corporate Governance (cont'd)

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE (CONT'D)

Name of Director	Date of Appointment	Nature of Appointment	Prime Function	Other Functions	Academic and Professional Qualifications
Mr Lim Tse Ghow Olivier Age: 47	1/10/2009	Non-executive/ Independent	Member	–	First Class Honours degree in Civil Engineering (Imperial College, London) Chief Investment Officer of CapitaLand Limited
Mr Koh Poh Tiong Age: 65	3/10/2011	Non-executive/ Independent	Member	–	Bachelor of Science (Singapore) Vice-Chairman, Senior Advisor and Independent Director of Ezra Holdings Limited
Mr Kee Teck Koon Age: 55	3/01/2012	Non-executive/ Independent	Member	–	Bachelor of Arts (Oxford), Master of Arts in Engineering Science (University of Oxford, United Kingdom) Non-Executive Chairman of CapitaMalls Malaysia REIT Management Sdn Bhd

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

INDEPENDENT MEMBERS OF THE BOARD

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

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

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

Corporate Governance (cont'd)

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

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

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

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

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

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

PRINCIPLE 4: BOARD MEMBERSHIP

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

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

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

Key information regarding the Directors is set out on pages 8 and 9 of the Annual Report.

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

PRINCIPLE 5: BOARD PERFORMANCE

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

Informal reviews of the Board's collective performance are conducted periodically and on a regular basis by the Nomination & Compensation Committee with inputs from the other Directors and the Executive Chairman. At this stage, the Board considers it more appropriate to focus on the Board performance collectively in its appraisal process.

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

Corporate Governance (cont'd)

PRINCIPLE 6: ACCESS TO INFORMATION

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

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

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

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

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

PRINCIPLES 7 AND 8: REMUNERATION MATTERS

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

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

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

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

Corporate Governance (cont'd)

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

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

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

Remuneration Band	Number of Directors	
	2011	2010
S$500,000 and above	1	1
S$250,000 to below S$500,000	–	–
Below S$250,000	6	5
	7	6

Summary of the compensation table for the year ended 31 December 2011 (Group):

Name of Director	Salary[1] %	Bonus[2] %	Director's Fees %	Share Options Grants %	Total Compensation %
S$500,000 and above					
Dr Loo Choon Yong *Executive Chairman*	10	90	–	–	100
Below S$250,000					
Mr Tan Soo Nan *Non-executive*	–	–	51	49	100
Associate Professor Wee Beng Geok *Non-executive*	–	–	57	43	100
Professor Lim Pin *Non-executive*	–	–	50	50	100
Mr Tham Kui Seng *Non-executive*	–	–	61	39	100
Mr Lim Tse Ghow Olivier *Non-executive*	–	–	51	49	100
Mr Koh Poh Tiong* *Non-executive*	–	–	100	–	100
Mr Kee Teck Koon* *Non-executive*	–	–	–	–	–

**Mr Koh Poh Tiong and Mr Kee Teck Koon were appointed Independent Directors on 3 October 2011 and 3 January 2012 respectively.*

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

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

Corporate Governance (cont'd)

PRINCIPLE 9: DISCLOSURE ON REMUNERATION (CONT'D)

KEY EXECUTIVES' REMUNERATION

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

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

Key information regarding the Employees' Share Option Scheme is set out on pages 38 to 42 of the Annual Report.

PRINCIPLE 10: ACCOUNTABILITY

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

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

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

BOARD COMMITTEES

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

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

Nomination & Compensation Committee

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

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

Corporate Governance (cont'd)

PRINCIPLE 11: AUDIT COMMITTEE

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

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

Specifically, the Audit Committee:

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

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

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

PRINCIPLE 12: INTERNAL CONTROLS

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

The Directors recognise that they have overall responsibility to ensure accurate financial reporting for the Group and for the Group's system of internal controls, including financial, operational and compliance controls and risk management policies and systems.

The Group has adopted an entity-wide risk assessment framework to enhance its risk management capabilities. Key risks, control measures and management actions are identified by Management and reviewed annually by the Audit Committee. In addition to the work performed by the internal auditors, the statutory audit by the external auditors and reviews performed by Management, the Board is of the opinion that there are adequate and effective controls in place to mitigate the critical and significant risks in the following areas: Financial, Operational and Compliance Risks. A framework has been established and the Board continues through the Audit Committee and Management to improve and enhance it on a continuous basis.

Corporate Governance (cont'd)

PRINCIPLE 12: INTERNAL CONTROLS (CONT'D)

While no system can provide absolute assurance against material loss or financial misstatement, the Group's internal financial controls are designed to provide reasonable assurance that assets are safeguarded, that proper accounting records are maintained, and that financial information used within the business and for publication is reliable. In reviewing these controls, the Directors have had regard to the risks to which the business is exposed, the likelihood of such risks occurring and the costs of protecting against them.

PRINCIPLE 13: INTERNAL AUDIT

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

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

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

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

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

PRINCIPLES 14 AND 15: COMMUNICATION WITH SHAREHOLDERS

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

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

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

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

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

Corporate Governance (cont'd)

PRINCIPLES 14 AND 15: COMMUNICATION WITH SHAREHOLDERS (CONT'D)

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

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

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

MATERIAL CONTRACTS

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

DEALINGS IN SECURITIES

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

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

Financial Report

CONTENTS

Directors' Report

YEAR ENDED 31 DECEMBER 2011

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 2011.

DIRECTORS

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

Dr Loo Choon Yong
Mr Tan Soo Nan
Associate Professor Wee Beng Geok
Professor Lim Pin
Mr Tham Kui Seng
Mr Lim Tse Ghow Olivier
Mr Koh Poh Tiong (Appointed on 3 October 2011)
Mr Kee Teck Koon (Appointed on 3 January 2012)

DIRECTORS' INTERESTS

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

	Holdings in the name of the director, spouse or infant children		Other holdings in which the director is deemed to have an interest	
The Company	**At beginning of the year / date of appointment**	**At end of the year**	**At beginning of the year / date of appointment**	**At end of the year**
	Ordinary Shares			
Dr Loo Choon Yong	53,820,000	54,960,045	224,781,898	227,006,609
Mr Tan Soo Nan	895,000	1,045,000	–	–
Associate Professor Wee Beng Geok	883,000	903,000	–	–
Professor Lim Pin	364,000	364,000	–	–
Koh Poh Tiong	30,000	30,000	–	–

	Options to subscribe for ordinary shares			
The Company	**At beginning of the year**	**At end of the year**	**Option price per share**	**Date of grant**
Mr Tan Soo Nan	150,000	–	$0.68	03/04/2006
	50,000	50,000	$1.14	02/04/2007
	48,000	48,000	$1.24	01/04/2008
	120,000	120,000	$0.78	01/04/2009
	70,000	70,000	$1.66	01/04/2010
	–	70,000	$2.20	01/04/2011
Associate Professor Wee Beng Geok	50,000	–	$1.14	02/04/2007
	48,000	48,000	$1.24	01/04/2008
	120,000	120,000	$0.78	01/04/2009
	70,000	70,000	$1.66	01/04/2010
	–	70,000	$2.20	01/04/2011

Directors' Report (cont'd)

YEAR ENDED 31 DECEMBER 2011

DIRECTORS' INTERESTS (CONT'D)

The Company	Options to subscribe for ordinary shares At beginning of the year	At end of the year	Option price per share	Date of grant
Professor Lim Pin	70,000	70,000	$0.78	01/04/2009
	60,000	60,000	$1.66	01/04/2010
	–	60,000	$2.20	01/04/2011
Mr Tham Kui Seng	20,000	20,000	$1.66	01/04/2010
	–	60,000	$2.20	01/04/2011
Mr Lim Tse Ghow Olivier	20,000	20,000	$1.66	01/04/2010
	–	60,000	$2.20	01/04/2011

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

The options in the Company are exercisable as follows:

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

(ii) the options granted in 2008 to 2011 are exercisable during a period commencing 12 months from the Date of Grant for the first 30,000 shares, 24 months from the Date of Grant for the next 30,000 shares and the balance after 36 months and expires at the end of 60 months from the Date of Grant.

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

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

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2012 except for the exercise of 50,000 and 48,000 share options by a director, Mr Tan Soo Nan, at an exercise price of S$1.14 and S$1.24 per share, respectively, on 16 January 2012.

Directors' Report (cont'd)

YEAR ENDED 31 DECEMBER 2011

DIRECTORS' INTERESTS (CONT'D)

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 22 and 23 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

SHARE OPTIONS

Employees' Share Option Scheme

Raffles Medical Group (2000) Share Option Scheme

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

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

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

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

(3) No additional options were granted pursuant to the RMG 2000 Scheme for the financial year ended 31 December 2011.

(4) As at 31 December 2011, outstanding options to take up unissued ordinary shares in the Company under the RMG 2000 Scheme were as follows:

Date of grant of options	Exercise price per share	Options Outstanding at 1 January 2011	Options exercised	Options forfeited / expired	Options outstanding at 31 December 2011	Number of option holders at 31 December 2011
15/02/2001	$0.320	573,000	(238,000)	(335,000)	**–**	–
08/04/2002	$0.230	535,000	(125,000)	(178,000)	**232,000**	6
31/03/2003	$0.185	520,000	(69,000)	(153,000)	**298,000**	7
01/04/2004	$0.330	548,000	(46,000)	–	**502,000**	15
01/04/2005	$0.420	894,000	(135,000)	–	**759,000**	23
03/04/2006	$0.680-$0.710	1,973,000	(551,000)	(20,000)	**1,402,000**	43
02/04/2007	$1.140-$1.150	2,015,000	(283,000)	(10,000)	**1,722,000**	99
01/04/2008	$1.240	1,972,000	(271,000)	(15,000)	**1,686,000**	130
01/04/2009	$0.780	5,308,000	(1,043,000)	(33,000)	**4,232,000**	134
01/04/2010	$1.660	5,556,000	(875,000)	(165,000)	**4,516,000**	242
		19,894,000	(3,636,000)	(909,000)	**15,349,000**	

Directors' Report (cont'd)

YEAR ENDED 31 DECEMBER 2011

SHARE OPTIONS (CONT'D)

Employees' Share Option Scheme (cont'd)

(5) No options have been granted to controlling shareholders of the Company and their associated companies and parent group employees. No participant has received 5% or more of the total number of options available under the Scheme. There is no discount granted to the subscription price of the option compared to the last dealt price for three consecutive market days preceding to the date of the option.

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

Name of participant	Aggregate options granted since commencement of Scheme to 31 December 2011	Aggregate options exercised since commencement of Scheme to 31 December 2011	Aggregate options outstanding as at 31 December 2011
Directors of the Company			
Mr Tan Soo Nan	1,238,000	950,000	288,000
Associate Professor Wee Beng Geok	1,138,000	900,000	238,000
Professor Lim Pin	968,000	838,000	130,000
Mr Tham Kui Seng	20,000	–	20,000
Mr Lim Tse Ghow Olivier	20,000	–	20,000
Total	3,384,000	2,688,000	696,000

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

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

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

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

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

Raffles Medical Group (2010) Share Option Scheme

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

Directors' Report (cont'd)

YEAR ENDED 31 DECEMBER 2011

SHARE OPTIONS (CONT'D)

Employees' Share Option Scheme (cont'd)

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

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

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

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

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

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

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

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

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

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

Directors' Report (cont'd)

YEAR ENDED 31 DECEMBER 2011

SHARE OPTIONS (CONT'D)

Employees' Share Option Scheme (cont'd)

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

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

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

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

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

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

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

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

(8) On 1 April 2011, additional options were granted pursuant to the RMG 2010 Scheme to subscribe for ordinary shares at an exercise price of $2.20 as follows:

	Company
Directors of the Company and Executive Directors of the subsidiaries	800,000
Other participants	4,200,000
	5,000,000

(9) No options have been granted to controlling shareholders of the Company and their associated companies and parent goup employees. No participant has received 5% or more of the total number of options available under the Scheme. There is no discount granted to the subscription price of the option compared to the last dealt price for three consecutive market days preceding to the date of the option.

(10) As at 31 December 2011, outstanding options to take up unissued ordinary shares in the Company under the RMG 2010 Scheme were as follows:

Date of grant of options	Exercise price per share	Options Outstanding at 1 January 2011	Options granted	Options forfeited / expired	Options outstanding at 31 December 2011	Number of option holders at 31 December 2011
01/04/2011	$2.20	–	5,000,000	(238,000)	**4,762,000**	343

Directors' Report (cont'd)

YEAR ENDED 31 DECEMBER 2011

SHARE OPTIONS (CONT'D)

Employees' Share Option Scheme (cont'd)

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

Name of participant	Options granted for financial year ended 31 December 2011	Aggregate options granted since commencement of Scheme to 31 December 2011	Aggregate options exercised since commencement of Scheme to 31 December 2011	Aggregate options outstanding as at 31 December 2011
Directors of the Company				
Mr Tan Soo Nan	70,000	70,000	–	70,000
Associate Professor Wee Beng Geok	70,000	70,000	–	70,000
Professor Lim Pin	60,000	60,000	–	60,000
Mr Tham Kui Seng	60,000	60,000	–	60,000
Mr Lim Tse Ghow Olivier	60,000	60,000	–	60,000
Total	320,000	320,000	–	320,000

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

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

AUDIT COMMITTEE

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

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

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

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

The Audit Committee also reviewed the following:

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

Directors' Report (cont'd)

YEAR ENDED 31 DECEMBER 2011

AUDIT COMMITTEE (CONT'D)

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

The Audit Committee has confirmed that it has undertaken a review of all non-audit services provided by the auditors and they would not, in the audit committee's opinion, affect the independence of the auditors. It has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712 and 715 of the SGX Listing Manual.

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

On behalf of the Board of Directors

Dr Loo Choon Yong
Chairman

Mr Tan Soo Nan
Director

18 February 2012

Statement by Directors

YEAR ENDED 31 DECEMBER 2011

In our opinion:

(a) the financial statements set out on pages 46 to 84 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 2011 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

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

On behalf of the Board of Directors

Dr Loo Choon Yong
Chairman

Mr Tan Soo Nan
Director

18 February 2012

Independent Auditors' Report

MEMBERS OF THE COMPANY
RAFFLES MEDICAL GROUP LTD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Raffles Medical Group Ltd (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at 31 December 2011, the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 46 to 84.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 and the results, changes in equity and cash flows of the Group for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

KPMG LLP
Public Accountants and Certified Public Accountants

Singapore
18 February 2012

Balance Sheets

AS AT 31 DECEMBER 2011

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Non-current assets					
Property, plant and equipment	4	141,896	144,253	3,242	3,252
Intangible assets	5	316	316	245	245
Investment properties	6	199,700	88,000	–	–
Subsidiaries	24	–	–	258,985	202,881
Deferred tax assets	7	–	895	–	–
		341,912	233,464	262,472	206,378
Current assets					
Inventories		5,136	5,083	1,356	1,258
Trade and other receivables	8	31,855	26,066	64,563	18,251
Cash and cash equivalents	9	49,691	107,137	28,860	88,664
		86,682	138,286	94,779	108,173
Total assets		428,594	371,750	357,251	314,551
Equity attributable to owners of the Company					
Share capital	10	190,344	177,006	190,344	177,006
Reserves	10	143,663	109,414	78,885	55,955
		334,007	286,420	269,229	232,961
Non-controlling interests		702	542	–	–
Total equity		334,709	286,962	269,229	232,961
Non-current liabilities					
Deferred tax liabilities	7	1,579	1,690	359	402
Interest-bearing liabilities	13	16,000	18,000	–	–
		17,579	19,690	359	402
Current liabilities					
Trade and other payables	12	59,765	50,972	82,364	76,905
Interest-bearing liabilities	13	5,451	4,577	3,451	2,577
Current tax payable		11,090	9,549	1,848	1,706
		76,306	65,098	87,663	81,188
Total liabilities		93,885	84,788	88,022	81,590
Total equity and liabilities		428,594	371,750	357,251	314,551

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

Consolidated Income Statement

YEAR ENDED 31 DECEMBER 2011

	Note	2011 $'000	2010 $'000
Revenue		272,783	239,123
Other operating income		2,180	3,474
Inventories and consumables used		(32,254)	(26,622)
Purchased and contracted services		(19,231)	(17,483)
Staff costs		(133,046)	(115,760)
Depreciation of property, plant and equipment		(7,240)	(6,935)
Operating lease expenses		(5,867)	(5,588)
Other operating expenses		(17,815)	(17,240)
Profit from operating activities		59,510	52,969
Finance income		182	366
Finance expenses		(252)	(239)
Profit before tax		59,440	53,096
Tax expense	16	(8,819)	(7,614)
Profit for the year	15	50,621	45,482
Attributable to:			
Owners of the Company		50,396	45,265
Non-controlling interests		225	217
Profit for the year		50,621	45,482
Earnings per share (cents)	17		
Basic		9.50	8.65
Diluted		9.36	8.51

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

Consolidated Statement of Comprehensive Income

YEAR ENDED 31 DECEMBER 2011

	2011 $'000	2010 $'000
Profit for the year	50,621	45,482
Other comprehensive income		
Foreign currency translation differences for foreign operations	(170)	374
Total comprehensive income for the year	50,451	45,856
Attributable to:		
Owners of the Company	50,226	45,639
Non-controlling interests	225	217
Total comprehensive income for the year	50,451	45,856

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

Consolidated Statement of Changes in Equity

YEAR ENDED 31 DECEMBER 2011

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

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

Consolidated Statement of Changes in Equity (cont'd)

YEAR ENDED 31 DECEMBER 2011

Group	Share capital $'000	Currency translation reserve $'000	Share option reserve $'000	Accumulated profits $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2011	177,006	53	7,781	101,580	286,420	542	286,962
Comprehensive income for the year							
Profit for the year	–	–	–	50,396	50,396	225	50,621
Other comprehensive income							
Foreign currency translation differences for foreign operations	–	(170)	–	–	(170)	–	(170)
Total comprehensive income for the year	–	(170)	–	50,396	50,226	225	50,451
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Issue of 3,636,000 shares with 69,000 shares at $0.185 per share, 125,000 shares at $0.23 per share, 238,000 shares at $0.32 per share, 46,000 shares at $0.33 per share, 135,000 shares at $0.42 per share, 300,000 shares at $0.68 per share, 251,000 shares at $0.71 per share, 1,043,000 shares at $0.78 per share, 50,000 shares at $1.14 per share, 233,000 shares at $1.15 per share, 271,000 shares at $1.24 per share, 875,000 shares at $1.66 per share upon the exercise of options under Raffles Medical Group Employees' Share Option Scheme	3,499	–	–	–	3,499	–	3,499
Issue of 4,753,258 shares at $2.07 per share upon the scrip dividend	9,839	–	–	–	9,839	–	9,839
Value of employee services received for issue of share options	–	–	2,558	–	2,558	–	2,558
Final dividend paid of 2.5 cents per ordinary share - Cash	–	–	–	(3,359)	(3,359)	–	(3,359)
Final dividend paid of 2.5 cents per ordinary share - Scrip	–	–	–	(9,839)	(9,839)	–	(9,839)
Interim dividend paid of 1.0 cent per ordinary share - Cash	–	–	–	(5,337)	(5,337)	–	(5,337)
Dividends distributed to non-controlling shareholder of a subsidiary	–	–	–	–	–	(65)	(65)
Total contributions by and distributions to owners	13,338	–	2,558	(18,535)	(2,639)	(65)	(2,704)
At 31 December 2011	190,344	(117)	10,339	133,441	334,007	702	334,709

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

Consolidated Cash Flow Statement

YEAR ENDED 31 DECEMBER 2011

	Note	2011 $'000	2010 $'000
Cash flows from operating activities			
Profit before tax		59,440	53,096
Adjustments for:			
Amortisation of intangible assets		–	51
Depreciation of property, plant and equipment		7,240	6,935
Equity-settled share-based payment transactions		2,558	2,359
Finance expenses		252	239
Finance income		(182)	(366)
Gain on disposal of property, plant and equipment		(6)	(474)
Property, plant and equipment written off		155	31
Revaluation gain of investment properties		(2,174)	(3,000)
		67,283	58,871
Changes in working capital:			
Inventories		(53)	190
Trade and other receivables		(5,803)	(1,816)
Trade and other payables		8,534	(883)
Cash generated from operations		69,961	56,362
Taxes paid		(6,494)	(6,913)
Interest paid		(209)	(239)
Net cash from operating activities		63,258	49,210
Cash flows from investing activities			
Interest received		196	399
Proceeds from sale of property, plant and equipment		9	1,661
Purchase of investment properties		(109,526)	–
Purchase of property, plant and equipment		(5,017)	(5,452)
Net cash used in investing activities		(114,338)	(3,392)
Cash flows from financing activities			
Dividends paid to owners of the Company		(8,696)	(15,698)
Dividends paid to non-controlling shareholder of the subsidiary		(65)	(52)
Proceeds from issue of shares under share option scheme		3,499	4,347
Proceeds from bank loan		21,385	6,870
Repayment of bank loan		(22,527)	(8,220)
Net cash used in financing activities		(6,404)	(12,753)
Net (decrease)/increase in cash and cash equivalents		(57,484)	33,065
Cash and cash equivalents at 1 January		107,137	74,089
Effect of exchange rate changes on balances held in foreign currency		38	(17)
Cash and cash equivalents at 31 December	9	49,691	107,137

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

Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2011

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 18 February 2012.

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:

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

The Company is also the partner for Changi Medical Services LLP.

All transactions of these sole proprietorships and partnerships are reflected in the financial statements of the Company. The principal activities of the subsidiaries are set out in Note 24 to the financial statements.

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

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2011

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

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

- Note 4 – estimation of useful lives and recoverable amounts of property, plant and equipment
- Note 6 – valuation of investment property
- Note 7 – utilisation of tax losses
- Note 12 – estimation of policy liabilities

2.5 Changes in accounting policies

Identification of related party relationships and related party disclosures

From 1 January 2011, the Group has applied the revised FRS 24 Related Party Disclosures (2010) to identify parties that are related to the Group and to determine the disclosures to be made on transactions and outstanding balances, including commitments, between the Group and its related parties. FRS 24 (2010) improved the definition of a related party in order to eliminate inconsistencies and ensure symmetrical identification of relationships between two parties.

The adoption of FRS 24 (2010) affects only the disclosures made in the financial statements. There is no financial effect on the results and financial position of the Group for the current and previous financial years. Accordingly, the adoption of FRS 24 (2010) has no impact on earnings per share.

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Business of consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

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

Subsidiaries

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

Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2011

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Business of consolidation (cont'd)

Transactions eliminated on consolidation

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

Accounting for subsidiaries

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

3.2 Foreign currency

Foreign currency transactions

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

Foreign operations

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

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

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

3.3 Property, plant and equipment

Recognition and measurement

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

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

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

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

Subsequent costs

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

Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2011

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment (cont'd)

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

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

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

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

3.4 Intangible assets

Goodwill

Goodwill represents the excess of:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree, over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

Goodwill is measured at cost less accumulated impairment losses.

Other intangible assets

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

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

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

Subsequent expenditure

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

Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2011

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Intangible assets (cont'd)

Amortisation

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

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

- Assignment fees 10 years

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

3.5 Investment property

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

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

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

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

3.6 Leased assets

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

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

3.7 Financial instruments

Non-derivative financial assets

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

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

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

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

Loans and receivables

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

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents comprise cash balances and bank deposits with original maturities of three months or less.

Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2011

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

Non-derivative financial liabilities

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

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

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

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

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

Share capital

Ordinary shares

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

3.8 Inventories

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

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

3.9 Impairment

Non-derivative financial assets

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

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

Loans and receivables

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

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

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

Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2011

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Impairment (cont'd)

Non-financial assets

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

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

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

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

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

3.10 Employee benefits

Defined contribution plans

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

Short-term employee benefits

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

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

Share-based payment transactions

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

Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2011

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Provisions

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

3.12 Revenue

Services

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

Rental income

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

3.13 Government grants

Jobs Credit Scheme

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

3.14 Lease payments

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

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

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

3.15 Finance income and expense

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

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

3.16 Tax

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2011

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Tax (cont'd)

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

In the ordinary course of business, there are many transactions and calculations for which the ultimate tax treatment is uncertain. Therefore, the Company recognises tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised when the Company believes that certain positions may not be fully sustained upon review by tax authorities, despite the Company's belief that its tax return positions are supportable. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of multifaceted judgements about future events. New information may become available that causes the Company to change its judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities, such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.17 Earnings per share

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

3.18 Segment reporting

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

3.19 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2011, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2011

4 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land $'000	Leasehold properties $'000	Medical equipment $'000	Furniture and fittings $'000	Office equipment $'000	Motor vehicles $'000	Computers $'000	Renovations $'000	Facilities equipment $'000	Total $'000
Cost										
At 1 January 2010	83,012	55,924	22,696	3,242	853	565	5,149	6,625	1,684	179,750
Additions	–	–	2,559	566	94	20	949	1,154	110	5,452
Disposals	–	(780)	–	–	–	–	–	–	–	(780)
Write-off	–	–	(548)	(37)	(11)	–	(260)	(9)	(16)	(881)
Effect of movements in exchange rates	–	–	(29)	(5)	(1)	–	(4)	(33)	–	(72)
At 31 December 2010	83,012	55,144	24,678	3,766	935	585	5,834	7,737	1,778	183,469
Additions	–	–	2,809	483	78	–	661	742	244	5,017
Disposals	–	–	(29)	(2)	–	–	(1)	–	–	(32)
Write-off	–	–	(744)	(325)	(199)	(78)	(490)	(323)	(2)	(2,161)
Effect of movements in exchange rates	–	–	(1)	3	–	–	3	26	–	31
At 31 December 2011	83,012	55,144	26,713	3,925	814	507	6,007	8,182	2,020	186,324

Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2011

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Leasehold land $'000	Leasehold properties $'000	Medical equipment $'000	Furniture and fittings $'000	Office equipment $'000	Motor vehicles $'000	Computers $'000	Renovations $'000	Facilities equipment $'000	Total $'000
Accumulated depreciation										
At 1 January 2010	2,655	4,125	14,599	1,843	603	211	3,980	4,153	1,146	33,315
Depreciation charge for the year	1,180	1,257	1,977	285	93	53	824	1,095	171	6,935
Disposals	–	(146)	–	–	–	–	–	–	–	(146)
Write-off	–	–	(538)	(26)	(8)	–	(257)	(8)	(13)	(850)
Effect of movements in exchange rates	–	–	(18)	(1)	(1)	–	(3)	(15)	–	(38)
At 31 December 2010	3,835	5,236	16,020	2,101	687	264	4,544	5,225	1,304	39,216
Depreciation charge for the year	1,180	1,250	2,164	308	89	52	796	1,262	139	7,240
Disposals	–	–	(27)	(1)	–	–	(1)	–	–	(29)
Write-off	–	–	(682)	(276)	(182)	(66)	(490)	(308)	(2)	(2,006)
Effect of movements in exchange rates	–	–	(15)	1	(1)	–	–	22	–	7
At 31 December 2011	5,015	6,486	17,460	2,133	593	250	4,849	6,201	1,441	44,428
Carrying amount										
At 1 January 2010	80,357	51,799	8,097	1,399	250	354	1,169	2,472	538	146,435
At 31 December 2010	79,177	49,908	8,658	1,665	248	321	1,290	2,512	474	144,253
At 31 December 2011	77,997	48,658	9,253	1,792	221	257	1,158	1,981	579	141,896

Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2011

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Medical equipment $'000	Furniture and fittings $'000	Office equipment $'000	Motor vehicles $'000	Computers $'000	Renovations $'000	Total $'000
Cost							
At 1 January 2010	1,537	1,894	615	466	2,562	4,032	11,106
Additions	111	175	74	20	405	248	1,033
Write-off	(22)	(21)	(6)	–	(64)	(5)	(118)
At 31 December 2010	1,626	2,048	683	486	2,903	4,275	12,021
Additions	115	363	46	–	390	520	1,434
Disposal	–	(2)	–	–	(1)	–	(3)
Write-off	(309)	(325)	(184)	(78)	(358)	(314)	(1,568)
At 31 December 2011	1,432	2,084	545	408	2,934	4,481	11,884
Accumulated depreciation							
At 1 January 2010	983	1,040	436	136	2,006	2,978	7,579
Depreciation charge for the year	153	153	71	43	403	471	1,294
Write-off	(17)	(14)	(5)	–	(63)	(5)	(104)
At 31 December 2010	1,119	1,179	502	179	2,346	3,444	8,769
Depreciation charge for the year	127	162	65	42	365	545	1,306
Disposal	–	(1)	–	–	(1)	–	(2)
Write-off	(258)	(275)	(168)	(66)	(358)	(306)	(1,431)
At 31 December 2011	988	1,065	399	155	2,352	3,683	8,642
Carrying amount							
At 1 January 2010	554	854	179	330	556	1,054	3,527
At 31 December 2010	507	869	181	307	557	831	3,252
At 31 December 2011	444	1,019	146	253	582	798	3,242

Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2011

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

Leasehold Properties

Description/Location	Gross Floor Area (sq m)	Tenure	Group Carrying amount 2011 $'000	Group Carrying amount 2010 $'000
HDB shop with living quarters located at Blk 283 Bishan St 22, #01-177, Singapore 570283, held for use as a primary healthcare clinic	135.0	99 years commencing from 01/02/1991	892	917
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	256	263
HDB shop with living quarters located at Blk 722 Ang Mo Kio Ave 8, #01-2825, Singapore 560722, held for use as a primary healthcare clinic	152.0	86 years commencing from 01/10/1993	1,240	1,276
HDB shop with living quarters located at Blk 131 Jurong East St 13, #01-267, Singapore 600131, held for use as a primary healthcare clinic	250.0	91 years commencing from 01/04/1993	1,565	1,607
HDB shop with living quarters located at Blk 177 Toa Payoh Central, #01-170, Singapore 310177, held for use as a primary healthcare clinic	115.0	78 years commencing from 01/10/1992	979	1,006
HDB shop with living quarters located at Blk 203 Bedok North St 1, #01-467, Singapore 460203, held for use as a primary healthcare clinic	153.0	84 years commencing from 01/07/1992	779	800
A hospital building, located at 585 North Bridge Road, Singapore 188770, held for use as a hospital and medical centre	46,233.2*	99 years commencing from 01/03/1979	120,944	123,216
			126,655	129,085

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

Source of estimation uncertainty

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

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

Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2011

5 INTANGIBLE ASSETS

Group	Membership rights $'000	Assignment fees $'000	Goodwill $'000	Total $'000
Cost				
At 1 January 2010, 31 December 2010 and 31 December 2011	164	612	152	928
Accumulated amortisation				
At 1 January 2010	–	561	–	561
Amortisation charge for the year	–	51	–	51
At 31 December 2010 and 31 December 2011	–	612	–	612
Carrying amount				
At 1 January 2010	164	51	152	367
At 31 December 2010 and 31 December 2011	164	–	152	316

Company	Membership rights $'000	Goodwill $'000	Total $'000
Cost and carrying amount			
At 1 January 2010, 31 December 2010 and 31 December 2011	93	152	245

6 INVESTMENT PROPERTIES

	Group 2011 $'000	Group 2010 $'000
At 1 January	88,000	85,000
Addition	109,526	–
Change in fair value	2,174	3,000
At 31 December	199,700	88,000

Description/Location	Gross Floor Area (sq m)	Tenure	Group Fair Value 2011 $'000	Group Fair Value 2010 $'000
Units within Raffles Hospital, located at 585 North Bridge Road, Singapore 188770	21,738.3	99 years commencing from 01/03/1979	91,000	88,000
Units within Thong Sia building, located at 30 Bideford Road, Singapore 229922	3,964.0	Freehold	94,000	–
Units within Samsung Hub, located at 3 Church Street, Singapore 049483	491.0	999 years commencing from 25/01/1827	14,700	–
			199,700	88,000

Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2011

6 INVESTMENT PROPERTIES (CONT'D)

Investment properties relate to the shop units within the commercial property, Raffles Hospital Building, units of commercial space within Samsung Hub and Thong Sia building, that are leased to external customers. Each of the leases contains an initial non-cancellable period of 1 to 10 years. This is subject to the terms and conditions of the lease agreements entered into and subsequent renewals are negotiated with the respective lessee.

As at 31 December 2011, investment properties are stated based on full valuation on units of Samsung Hub and Thong Sia building and independent desktop valuation for units within Raffles Hospital building by Jones Lang LaSalle Property Consultants Pte. Ltd. on the basis of open market valuation.

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

7 DEFERRED TAX ASSETS AND LIABILITIES

Movements in deferred tax assets and liabilities of the Group during the year are as follows:

Group	**At 1 January 2010 $'000**	**Group relief transferred $'000**	**Recognised in profit or loss (note 16) $'000**	**At 31 December 2010 $'000**	**Group relief transferred $'000**	**Recognised in profit or loss (note 16) $'000**	**At 31 December 2011 $'000**
Property, plant and equipment	1,542	–	163	1,705	–	43	1,748
Tax value of loss carry-forward	(473)	100	(313)	(686)	723	(37)	–
Tax value of unabsorbed wear and tear allowances	49	–	(60)	(11)	–	10	(1)
Other items	(207)	–	(6)	(213)	–	45	(168)
	911	100	(216)	795	723	61	1,579

Company	**At 1 January 2010 $'000**	**Recognised in profit or loss $'000**	**At 31 December 2010 $'000**	**Recognised in profit or loss $'000**	**At 31 December 2011 $'000**
Property, plant and equipment	343	150	493	(22)	471
Other items	(134)	43	(91)	(21)	(112)
	209	193	402	(43)	359

Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2011

7 DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

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

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Deferred tax liabilities	1,579	1,690	359	402
Deferred tax assets	–	(895)	–	–

The following temporary differences have not been recognised:

	Group	
	2011	2010
	$'000	$'000
Tax losses	1,470	1,407

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

8 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Trade receivables	27,406	21,090	11,467	9,663
Allowance for doubtful receivables	(2,850)	(2,881)	(405)	(546)
Net receivables	24,556	18,209	11,062	9,117
Deposits	2,229	2,971	1,642	1,449
Loans to directors				
– Directors of subsidiaries	187	237	187	237
Staff loans	1,478	876	950	823
Other receivables	1,980	2,839	159	142
Amounts due from subsidiaries:				
– trade	–	–	161	5,091
– non-trade (see note below)	–	–	50,025	1,050
Loans and receivables	30,430	25,132	64,186	17,909
Prepayments	1,425	934	377	342
	31,855	26,066	64,563	18,251

	Company	
	2011	2010
	$'000	$'000
Amounts due from subsidiaries (non-trade)	52,125	3,150
Allowance for doubtful receivables	(2,100)	(2,100)
Net receivables	50,025	1,050

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

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

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

Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2011

9 CASH AND CASH EQUIVALENTS

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Fixed deposits	37,321	97,160	27,405	85,935
Cash at bank and in hand	12,370	9,977	1,455	2,729
	49,691	107,137	28,860	88,664

The weighted average effective interest rates per annum relating to cash and cash equivalents, at the reporting date for the Group and Company are 0.27% (2010: 0.44%) and 0.27% (2010: 0.51%) respectively.

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

10 SHARE CAPITAL AND RESERVES

	Note	Group	
		2011 ('000)	2010 ('000)
Fully paid ordinary shares, with no par value:			
At 1 January		525,944	519,960
Issue of shares under scrip dividend		4,753	–
Issue of shares under share option scheme	11	3,636	5,984
		534,333	525,944

Ordinary shares

Unissued ordinary shares of the Company under options granted to eligible directors and employees under the Company's Employee Share Option Scheme are disclosed in note 11.

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

Currency translation reserve

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

Share option reserve

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

Dividends

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

	Group and Company	
	2011 $'000	2010 $'000
3.5 cents per qualifying ordinary share (2010: 3.0 cents)	18,535	15,698

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

Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2011

10 SHARE CAPITAL AND RESERVES (CONT'D)

	Group and Company	
	2011	2010
	$'000	$'000
3.0 cents per qualifying ordinary share (2010: 2.5 cents)	16,030	13,149

11 EMPLOYEE SHARE OPTIONS

RMG 2000 Scheme

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

Information regarding the scheme is as follows:

(i) Subscription price:

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

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

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

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

RMG 2010 Scheme

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

Information regarding the scheme is as follows:

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

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

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

Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2011

11 EMPLOYEE SHARE OPTIONS (CONT'D)

RMG 2010 Scheme (cont'd)

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

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

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

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

The RMG 2010 Scheme is administered by a committee comprising Directors of the Company duly authorised and appointed by the Board to administer the RMG 2010 Scheme. The Scheme is administered by the Committee comprising three directors, Associate Wee Beng Geok, Professor Lim Pin and Dr Loo Choon Yong.

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

	Weighted average exercise price 2011 $	No. of options 2011 ('000)	Weighted average exercise price 2010 $	No. of options 2010 ('000)
Outstanding at 1 January	1.029	19,894	0.774	20,960
Granted during the year	2.200	5,000	1.660	6,000
Cancelled/Lapsed during the year	0.910	(1,147)	1.196	(1,082)
Exercised during the year	0.962	(3,636)	0.726	(5,984)
Outstanding at 31 December	1.339	20,111	1.029	19,894
Exercisable at 31 December	1.051	12,954	0.783	11,533

Options under RMG 2000 Scheme exercised in 2011 resulted in 3,636,000 ordinary shares being issued at a weighted average exercise price of $0.962 each. There were no options under RMG 2010 Scheme exercised in 2011.

Options under RMG 2000 Scheme and RMG 2010 Scheme in 2011 resulted in 1,147,000 ordinary shares being forfeited at a weighted average share price of $0.91 each.

Options were exercised on a regular basis throughout the year. The weighted average share price during the year was $2.23 per share.

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

Date of grant of options	Expiry date	Exercise price $	Options outstanding 2011 ('000)	Options outstanding 2010 ('000)
15/02/2001	14/02/2011	0.320	–	573
08/04/2002	07/04/2012	0.230	232	535
31/03/2003	30/03/2013	0.185	298	520
01/04/2004	31/03/2014	0.330	502	548
01/04/2005	31/03/2015	0.420	759	894
03/04/2006	02/04/2011	0.680	–	300
03/04/2006	02/04/2016	0.710	1,402	1,673
02/04/2007	01/04/2012	1.140	120	170
02/04/2007	01/04/2017	1.150	1,602	1,845
01/04/2008	31/03/2013	1.240	170	170
01/04/2008	31/03/2018	1.240	1,516	1,802

Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2011

11 EMPLOYEE SHARE OPTIONS (CONT'D)

Date of grant of options	Expiry date	Exercise price $	Options outstanding 2011 ('000)	2010 ('000)
01/04/2009	31/03/2014	0.780	420	440
01/04/2009	31/03/2019	0.780	3,812	4,868
01/04/2010	31/03/2015	1.660	295	295
01/04/2010	31/03/2020	1.660	4,221	5,261
01/04/2011	31/03/2016	2.200	380	–
01/04/2011	31/03/2021	2.200	4,382	–
			20,111	19,894

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

Date of grant of options	Group 01/04/2011	01/04/2010
Fair value of share options and assumptions		
Fair value at measurement date	$0.516 - $0.561	$0.383 - $0.472
Share price	$2.23	$1.64
Exercise price	$2.20	$1.66
Expected volatility	28.03%	30.80%
Expected option life	4.2 - 5.1 years	5 - 10 years
Expected dividend yield	1.47%	2.52%
Risk-free interest rate	2.37%	2.53%

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

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

12 TRADE AND OTHER PAYABLES

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Trade payables	19,488	15,980	3,835	3,355
Accrued operating expenses	26,039	23,829	8,210	6,889
Trade amounts due to subsidiaries	–	–	64,839	65,251
Non-trade amounts due to subsidiaries	–	–	3,872	200
Deferred income	86	99	–	–
Insurance contract provisions	5,019	4,542	–	–
Deposits received	3,368	3,450	–	1
Other payables	5,765	3,072	1,608	1,209
	59,765	50,972	82,364	76,905

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

Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2011

12 TRADE AND OTHER PAYABLES (CONT'D)

Analysis of movements in insurance contract provisions

	2011			2010		
	Gross $'000	Reinsurers' share $'000	Net $'000	Gross $'000	Reinsurers' share $'000	Net $'000
Balance at beginning of the year	8,654	(4,112)	4,542	7,546	(2,772)	4,774
Provision made	17,538	(4,938)	12,600	16,440	(4,372)	12,068
Provision used	(16,792)	4,669	(12,123)	(15,332)	3,032	(12,300)
Balance at end of the year	9,400	(4,381)	5,019	8,654	(4,112)	4,542

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

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

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

13 INTEREST-BEARING LIABILITIES

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Non-current liabilities				
Unsecured bank loans	16,000	18,000	–	–
Current liabilities				
Unsecured bank loans	5,451	4,577	3,451	2,577
Total borrowings	21,451	22,577	3,451	2,577

Terms and debt repayment schedule

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

Group	Effective interest rate %	Year of maturity	Floating interest rate $'000	Fixed interest rate maturing within 1 year $'000	Total $'000
2011					
S$ floating rate loan	1.01	2013	18,000	–	18,000
HK$ floating rate loan	1.09	2012	3,451	–	3,451
			21,451	–	21,451
2010					
S$ floating rate loan	0.91	2013	20,000	–	20,000
HK$ fixed rate term loan	1.08	2011	–	2,577	2,577
			20,000	2,577	22,577

Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2011

13 INTEREST-BEARING LIABILITIES (CONT'D)

Company	Effective interest rate %	Year of maturity	Floating interest rate $'000	Fixed interest rate maturing within 1 year $'000	Total $'000
2011					
HK$ floating rate loan	1.09	2012	3,451	–	3,451
2010					
HK$ fixed rate term loan	1.08	2011	–	2,577	2,577

14 FINANCIAL INSTRUMENTS

Credit risk

Exposure to credit risk

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

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Trade and other receivables (excluding prepayments)	30,430	25,132	64,186	17,909
Cash and cash equivalents	49,691	107,137	28,860	88,664
Recognised financial assets	80,121	132,269	93,046	106,573

Impairment losses

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

	Gross 2011 $'000	Impairment losses 2011 $'000	Gross 2010 $'000	Impairment losses 2010 $'000
Group				
No credit terms	4,209	–	5,810	–
Not past due	10,945	–	8,744	–
Past due 0 – 30 days	6,600	–	4,931	84
Past due 31 – 365 days	10,837	2,479	8,007	2,388
More than one year	689	371	521	409
	33,280	2,850	28,013	2,881
Company				
No credit terms	53,926	2,100	4,741	2,100
Not past due	5,673	–	10,325	–
Past due 0 – 30 days	2,841	–	1,848	–
Past due 31 – 365 days	4,005	159	3,248	244
More than one year	246	246	393	302
	66,691	2,505	20,555	2,646

Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2011

14 FINANCIAL INSTRUMENTS (CONT'D)

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

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
At 1 January	2,881	3,209	2,646	2,468
Impairment loss recognised	1,038	1,194	610	428
Impairment loss utilised	(1,069)	(1,522)	(751)	(250)
At 31 December	2,850	2,881	2,505	2,646

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

Liquidity risk

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

Group	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	2 to 5 years $'000
2011				
Non-derivative financial liabilities				
HK$ floating rate loan	3,451	3,467	3,467	–
S$ floating rate loan	18,000	18,340	2,157	16,183
Trade and other payables*	54,660	54,660	54,660	–
	76,111	76,467	60,284	16,183
2010				
Non-derivative financial liabilities				
HK$ fixed rate term loan	2,577	2,609	2,609	–
S$ floating rate loan	20,000	20,637	2,201	18,436
Trade and other payables*	46,331	46,331	46,331	–
	68,908	69,577	51,141	18,436

* Excludes deferred income received and insurance contract provisions.

Currency risk

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

Interest rate risk

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

For the variable rate financial instruments, 100 basis points (bp) increase at the reporting date would have increased/(decrease) profit before tax as shown below. This analysis assumes that all other variables remain constant.

	Profit before tax in income statement	
Group	100 bp increase $'000	100 bp decrease $'000
31 December 2011		
Variable rate financial instruments	159	114
31 December 2010		
Variable rate financial instruments	772	(246)

Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2011

14 FINANCIAL INSTRUMENTS (CONT'D)

Company	Profit before tax in income statement 100 bp increase $'000	100 bp decrease $'000
31 December 2011		
Variable rate financial instruments	240	(39)
31 December 2010		
Variable rate financial instruments	859	(438)

Fair values

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

Financial assets and liabilities

The carrying amounts of financial assets and liabilities shown in the balance sheet are as follow:

Group	Loans and receivables $'000	Other financial liabilities within the scope of FRS 39 $'000	Total carrying amount $'000
31 December 2011			
Trade and other receivables	30,430	–	30,430
Cash and cash equivalents	49,691	–	49,691
	80,121	–	80,121
Trade and other payables*	–	59,679	59,679
Interest-bearing liabilities	–	21,451	21,451
	–	81,130	81,130
31 December 2010			
Trade and other receivables	25,132	–	25,132
Cash and cash equivalents	107,137	–	107,137
	132,269	–	132,269
Trade and other payables*	–	50,873	50,873
Interest-bearing liabilities	–	22,577	22,577
	–	73,450	73,450

* Excludes deferred income received.

Company	Loans and receivables $'000	Other financial liabilities within the scope of FRS 39 $'000	Total carrying amount $'000
31 December 2011			
Trade and other receivables	64,186	–	64,186
Cash and cash equivalents	28,860	–	28,860
	93,046	–	93,046
Trade and other payables	–	82,364	82,364
Interest-bearing liabilities	–	3,451	3,451
	–	85,815	85,815

Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2011

14 FINANCIAL INSTRUMENTS (CONT'D)

Company	Loans and receivables $'000	Other financial liabilities within the scope of FRS 39 $'000	Total carrying amount $'000
31 December 2010			
Trade and other receivables	17,909	–	17,909
Cash and cash equivalents	88,664	–	88,664
	106,573	–	106,573
Trade and other payables	–	76,905	76,905
Interest-bearing liabilities	–	2,577	2,577
	–	79,482	79,482

15 PROFIT FOR THE YEAR

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

	Group	
	2011 $'000	2010 $'000
Allowance for doubtful receivables	1,038	1,194
Amortisation of intangible assets	–	51
Change in fair value in investment properties	(2,174)	(3,000)
Contributions to defined contribution plans, included in staff costs	7,829	6,065
Gain on disposal of property, plant and equipment	(6)	(474)
Interest expense		
- bank loans	252	232
- bank overdrafts	–	7
Interest income from fixed deposits	(182)	(366)
Audit fees paid to:		
- auditors of the Company	110	103
- other auditors	10	10
Non-audit fees paid:		
- auditors of the Company	5	5
- other auditors	26	–
Property, plant and equipment written-off	155	31
Value of employee services received for issue of share options, included in staff costs	2,558	2,359

16 TAX EXPENSE

	Group	
	2011 $'000	2010 $'000
Current tax expense		
Current year	8,849	7,822
(Over)/Under provided in prior years	(91)	8
	8,758	7,830
Deferred tax expense		
Movements in temporary differences	61	(238)
Underprovided in prior years	–	22
	61	(216)
Tax expense	8,819	7,614

Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2011

16 TAX EXPENSE (CONT'D)

Reconciliation of effective tax rate

	Group 2011 $'000	Group 2010 $'000
Profit before tax	59,440	53,096
Tax calculated using Singapore corporate tax rate of 17%	10,105	9,026
Expenses not deductible for tax purposes	1,418	209
Income not subject to tax	(858)	(1,007)
Tax incentive	(1,736)	(757)
Tax effect of unrecognised tax losses	11	28
(Over)/Under provided in prior years	(91)	30
Others	(30)	85
	8,819	7,614

17 EARNINGS PER SHARE

	Group 2011 $'000	Group 2010 $'000
Basic earnings per share is based on:		
Net profit attributable to ordinary shareholders	50,396	45,265
	No. of shares ('000)	**No. of shares ('000)**
Issued ordinary shares at beginning of the year	525,944	519,960
Effect of scrip dividend shares issued	2,240	–
Effect of share options exercised	2,116	3,307
Weighted average number of ordinary shares	530,300	523,267

	Group 2011 $'000	Group 2010 $'000
Diluted earnings per share is based on:		
Net profit attributable to ordinary shareholders	50,396	45,265

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

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

	2011 No. of shares ('000)	2010 No. of shares ('000)
Weighted average number of:		
Ordinary shares used in the calculation of basic earnings per share	530,300	523,267
Potential ordinary shares issuable under share options	7,891	8,486
Weighted average number of ordinary issued and potential shares assuming full conversion	538,191	531,753

Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2011

18 OPERATING SEGMENTS

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

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

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

Inter-segment pricing is determined on mutually agreed terms.

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

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

Information about reportable segments

	Healthcare services		**Hospital services**		**Investment holdings**		**Total**	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**	**2011 $'000**	**2010 $'000**	**2011 $'000**	**2010 $'000**
Revenue and expenses								
External revenue	105,163	94,864	177,167	154,575	10,472	7,940	292,802	257,379
Inter-segment revenue	1,990	1,357	9,939	9,088	8,090	7,811	20,019	18,256
Finance expenses	(25)	(31)	–	–	(227)	(208)	(252)	(239)
Depreciation of property, plant and equipment	(1,725)	(1,701)	(3,085)	(2,797)	(158)	(165)	(4,968)	(4,663)
Amortisation of intangible assets	–	–	–	–	–	(51)	–	(51)
Reportable segment profit before tax	9,677	8,257	42,888	38,502	9,147	8,609	61,712	55,368
Reportable segment assets	318,076	322,103	93,325	88,964	457,479	346,379	869,510	757,446
Capital expenditure	2,079	1,410	2,938	4,042	109,526	–	114,543	5,452
Reportable segment liabilities	104,369	97,038	42,537	43,081	301,591	196,740	448,767	336,859

Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2011

18 OPERATING SEGMENTS (CONT'D)

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

	2011 $'000	2010 $'000
Revenues		
Total revenue for reportable segments	292,802	257,379
Elimination of inter-segment revenue	(20,019)	(18,256)
Consolidated revenue	272,783	239,123
Profit or loss		
Total profit for reportable segments	61,712	55,368
Adjustment for depreciation of property, plant and equipment	(2,272)	(2,272)
Consolidated profit before tax	59,440	53,096
Assets		
Total assets for reportable segments	869,510	757,446
Elimination of inter-segment assets	(440,916)	(386,591)
Unallocated amounts – deferred tax assets	–	895
Consolidated total assets	428,594	371,750
Liabilities		
Total liabilities for reportable segments	448,767	336,859
Elimination of inter-segment liabilities	(367,551)	(263,310)
Unallocated amounts – current and deferred tax liabilities	12,669	11,239
Consolidated total liabilities	93,885	84,788

Other material items

	Reportable segment totals $'000	Adjustments $'000	Consolidated totals $'000
2011			
Depreciation of property, plant and equipment	4,968	2,272	7,240
2010			
Depreciation of property, plant and equipment	4,663	2,272	6,935

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

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

The amount of $2,272,000 (2010: $2,272,000) relates to the depreciation of the hospital building for the year ended 31 December 2011.

Geographical segments

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

Major customer

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

Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2011

19 DETERMINATION OF FAIR VALUES

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

Investment property

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

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

Share-based payment transactions

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

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

20 FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks:

- credit risk
- liquidity risk
- market risk

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

Risk management framework

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

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

Credit risk

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

Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2011

20 FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

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

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

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

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

Liquidity risk

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

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

Market risk

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

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

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

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

Capital management

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

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

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

Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2011

20 FINANCIAL RISK MANAGEMENT (CONT'D)

Capital management (cont'd)

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

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

21 OPERATING LEASES

Leases as lessee

At 31 December 2011, the Group and the Company have commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Payable:				
Within 1 year	5,914	4,596	5,224	4,221
Between 1 and 5 years	10,141	3,595	9,089	3,104
	16,055	8,191	14,313	7,325

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

Leases as lessor

At 31 December 2011, the Group has future minimum lease and sub-lease income receivables under non-cancellable operating leases as follows:

	Group	
	2011 $'000	2010 $'000
Receivable:		
Within 1 year	4,980	2,405
After 1 year but within 5 years	7,424	4,968
After 5 years	–	1,285
	12,404	8,658

22 RELATED PARTIES

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

Transactions with key management personnel

Directors participate in the Employee Share Option Scheme. 800,000 (2010: 685,000) share options were granted to the directors of the Company during the year. The share options that were granted during the year were on the same terms and conditions as those offered to other employees of the Company as described in note 11. At the reporting date, 2,851,000 (2010: 2,426,000) of the share options granted to the directors of the Company were outstanding.

Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2011

23 KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel compensation comprised:

	Group	
	2011 $'000	2010 $'000
Directors' remuneration included in staff costs	9,137	8,086
Directors' fees	220	195
Share-based benefits	377	254
	9,734	8,535

24 GROUP ENTITIES

	Company	
	2011 $'000	2010 $'000
Investments in subsidiaries	27,912	26,643
Amounts due from subsidiaries (mainly non-trade)	231,073	176,238
	258,985	202,881

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

Details of subsidiaries are as follows:

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity interest held by the Group 2011 %	2010 %
[1] Raffles Hospital Pte Ltd	Provision of general and specialised medical services and operation of a hospital	Singapore	100	100
[1] Raffles Diagnostica Pte Ltd	Operation of medical laboratory and imaging centre	Singapore	100	100
[1] Raffles Medical Properties Pte Ltd and its subsidiary:	Investment holding	Singapore	100	100
[1] Raffles Hospital Properties Pte Ltd	Property owner	Singapore	100	100
[3] Raffles International Medical Assistance Pte Ltd	Provision of medical evacuation and repatriation and provision of medical advisory services (currently inactive)	Singapore	100	100
[5] Raffles Medical Management Pte Ltd	Property owner	Singapore	100	100
[3] Raffles SurgiCentre Pte Ltd	Provision of general and specialised medical services and operation of a hospital (dormant)	Singapore	100	100
[1] Raffles Japanese Clinic Pte Ltd	Operation of medical clinics and provision of medical services	Singapore	80	80
[1] Raffles Health Pte Ltd	Trading in pharmaceutical and nutraceutical products and diagnostic equipment	Singapore	100	100

Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2011

24 GROUP ENTITIES (CONT'D)

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity interest held by the Group 2011 %	2010 %
[1] Aptitude (2003) Pte Ltd	Provision of advisory and consultancy services and developing IT solutions	Singapore	100	100
[1] Raffles Medical International Pte Ltd and its subsidiaries:	Investment holding	Singapore	100	100
[2] Raffles Medical Group (Hong Kong) Limited and its subsidiaries:	Operation of medical clinics and provision of medical and dental treatment services	Hong Kong	100	100
[2] Coors Consultants Limited	Provision of management services to medical practitioners and the trading medicine on an indent basis	Hong Kong	100	100
[6] Medical Properties Co. Limited	Investment holding	Hong Kong	100	100
[7] Renguang Management Consultancy (Shanghai) Co. Ltd	Management consultancy	China	100	100
[1] International Medical Insurers Pte Ltd	Provision of health and related insurance	Singapore	100	100
[3] PT Raffles Medika Indonesia	Provision of hospital and healthcare management and consultancy services	Indonesia	100[4]	100[4]
[1] Raffles Chinese Medicine Pte Ltd	Provision of general medical services, acupuncture and acupressure	Singapore	100	100
[3] Raffles Korean Clinic Pte Ltd	Operation of medical clinics and provision of medical services (dormant)	Singapore	100	100
[3] RMG Capital Pte. Ltd. and its subsidiary:	Investment holding (dormant)	Singapore	100	100
[3] Asian Healthcare Capital Management Pte Ltd	Investment management (dormant)	Singapore	100	100
[3] International Medical Investment Co., Ltd	Investment holding (dormant)	British Virgin Islands	100	100

1 *Audited by KPMG LLP, Singapore.*
2 *Audited by Lawrence Cheung C.P.A. Company Limited., Hong Kong for financial year ended 31 December 2011. Audited by Wong Brothers & Co., Hong Kong for financial year ended 31 December 2010.*
3 *Not required to be audited.*
4 *Shares of this subsidiary are partially held in trust by a director and an employee of the subsidiary.*
5 *Audited by KPMG LLP Singpore for financial year ended 31 December 2011. Not required to be audited for financial year ended 31 December 2010.*
6 *Audited by Lawrence Cheung C.P.A. Company Limited., Hong Kong for financial year ended 31 December 2011. Not required to be audited for financial year ended 31 December 2010.*
7 *Audited by Shanghai Deking Certified Public Accountants Co., Ltd for financial year ended 31 December 2011. Audited by Zhong Rui Cheng Shanghai CPAs LLP for financial year ended 31 December 2010.*

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

Shareholdings Statistics

AS AT 14 MARCH 2012

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 14 March 2012, approximately 40.9% 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	559	9.17	164,425	0.03
1,000 - 10,000	4,410	72.31	15,550,640	2.91
10,001 - 1,000,000	1,109	18.18	43,686,924	8.16
1,000,001 and above	21	0.34	475,954,662	88.90
	6,099	100	535,356,651	100

TWENTY LARGEST SHAREHOLDERS

As shown in the Register of Members and Depository Register

No.	Name of Shareholder	No. of Shares	%
1	Raffles Medical Holdings Pte Ltd	175,289,460	32.74
2	Loo Choon Yong	54,353,611	10.15
3	DBS Nominees Pte Ltd	42,110,518	7.87
4	DBSN Services Pte Ltd	38,420,107	7.18
5	Citibank Nominees Singapore Pte Ltd	33,022,353	6.17
6	Raffles Nominees (Pte) Ltd	24,134,513	4.51
7	HSBC (Singapore) Nominees Pte Ltd	22,258,806	4.16
8	S & D Holdings Pte Ltd	17,812,560	3.33
9	UOB Nominees (2006) Pte Ltd	17,205,314	3.21
10	BNP Paribas Securities Services Singapore	15,658,500	2.92
11	United Overseas Bank Nominees Pte Ltd	10,994,408	2.05
12	Western Properties Pte Ltd	4,202,145	0.78
13	Asian Medical Foundation Ltd	4,200,000	0.78
14	Tan Tiang Lee	3,964,377	0.74
15	Yii Hee Seng	3,653,599	0.68
16	Yang Ching Yu	2,911,000	0.54
17	OCBC Nominees Singapore Pte Ltd	1,342,912	0.25
18	Tan Soo Nan	1,143,000	0.21
19	Kwok Wai Ling	1,100,493	0.21
20	Merrill Lynch (S) Pte Ltd	1,097,525	0.21
		474,875,201	88.69

Shareholdings Statistics (cont'd)

AS AT 14 MARCH 2012

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	%	Deemed Interest	%	Total Interest	%
Dr Loo Choon Yong	54,469,999	10.17	227,496,655	42.49	281,966,654	52.67
Raffles Medical Holdings Pte Ltd	209,194,049	39.08	-	-	209,194,049	39.08
FMR LLC, FIL Limited, and Edward C. Johnson 3D	-	-	32,120,765	6.00	32,120,765	6.00

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 23rd Annual General Meeting (AGM) of Raffles Medical Group Ltd (the Company) will be held at 585 North Bridge Road, Raffles Hospital, #11-00, Singapore 188770 on Friday, 27 April 2012 at 11.30 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions as ordinary resolutions:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts for the year ended 31 December 2011 and the Reports of the Directors and the Auditors, and the Statement of Directors thereon. **(Resolution 1)**

2. To declare a one-tier tax exempt final dividend of 3.0 Singapore cents per share for the year ended 31 December 2011 in accordance with the Scrip Dividend Scheme (2010: 2.5 Singapore cents per share). **(Resolution 2)**

3. To approve Directors' fees (S$165,000) for the year ended 31 December 2011 (2010: S$140,000). **(Resolution 3)**

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

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

5. To re-elect Mr Lim Tse Ghow Olivier, who is retiring under Article 93 of the Articles of Association of the Company. **(Resolution 5)**

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

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

AS SPECIAL BUSINESS

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

8. Authority to allot and issue shares

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

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

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

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

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

Notice of Annual General Meeting (cont'd)

provided that:

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

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

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

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

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

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

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

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

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

10. The Proposed Renewal of Share Buy Back Mandate

That:

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

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

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

Notice of Annual General Meeting (cont'd)

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

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

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

(c) in this Resolution:

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

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

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

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

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

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

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

11. Authority to issue shares under the Scrip Dividend Scheme

That authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of ordinary shares as may be required to be allotted and issued pursuant to the Raffles Medical Group Ltd Scrip Dividend Scheme.
(Resolution 11)

BY ORDER OF THE BOARD

Tay Kim Choon Kimmy
Sok Lee Chandran
Company Secretaries

Singapore, 12 April 2012

Notice of Annual General Meeting (cont'd)

Explanatory Notes:

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

In relation to the retirement of Directors by rotation at the Annual General Meeting, Mr Tham Kui Seng is also due to retire by rotation and he has given notice to the Company that he does not wish to stand for re-election to office.

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

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

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

Ordinary Resolution 11 above, if passed, will empower the Directors of the Company to issue ordinary shares pursuant to the Raffles Medical Group Ltd Scrip Dividend Scheme (Scheme) to members who have elected to receive scrip in lieu of cash in respect of any dividend to which the Scheme is applied.

Notes:

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

A proxy need not be a member of the Company.

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

RafflesMedicalGroup

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

Proxy Form

IMPORTANT

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

I / We ____

of ____

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

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

And / or (delete as appropriate)

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

as my / our proxy / proxies to attend and to vote for me / us on my / our behalf, and if necessary, to demand a poll at the Annual General Meeting of the Company to be held on Friday, 27 April 2012 at 11.30 a.m. and at any adjournment thereof. I / We direct my / our proxy / proxies to vote for or against the Resolution to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy / proxies will vote or abstain from voting at his / her / their discretion.

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

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

Dated this ___________ day of ____________________________ 2012

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

Total Number of Shares Held	

IMPORTANT: PLEASE READ NOTES OVERLEAF

Fold this flap for sealing

Please affix postage stamp

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

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Notes:

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

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

A corporation which is a member may authorise by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the 23rd Annual General Meeting, in accordance with Section 161 of the Companies Act, Chapter 50 of Singapore.

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

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

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RafflesMedicalGroup

Company Registration No. 198901967K

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