Group Practice, Better Healthcare

RafflesMedicalGroup

www.rafflesmedicalgroup.com

ANNUAL REPORT 2008

Group Practice, Better Healthcare

Raffles Medical Group has grown from a small practice that began in Singapore more than 32 years ago, to an integrated healthcare provider with a regional presence and patients coming to us from all over the world. But in all those years, one thing has never changed – our promise: To Our Patients, Our Best.

Raffles adopts the Group Practice model where staff specialists work as a team to provide patients a comprehensive range of medical services that are integrated, peer-reviewed and medically-audited, ensuring quality care with the best possible outcomes.

contents

mission

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

vision

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

core values

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

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

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

TEAM-BASED CARE
We dedicate and combine our skills, knowledge and experience for your benefit.

VALUE
We seek always to create and deliver value for you.

ON THE COVER: *(the team clockwise from top):* Specialist in Renal Medicine **Dr Ekachai Danpanich**, Clinic Coordinator **Lim Hwa Hiang**, Facilities and Security Manager **Cheryl Ong**, Corporate Services Assistant Manager **Kelvin Kow**, Clinic Admin Coordinator **Meilanie Wibowo**, Specialist in Obstetrics & Gynaecology **Dr Jazlan Joosoph**, Consultant at Raffles Medical **Dr Choo Dee Peng** and Staff Nurse **Michelle Segal d/o Sekaran**.

MOTTO

"To Our Patients Our Best"

corporate profile

Founded in 1976, Raffles Medical Group (RMG) has grown over the past 32 years to become one of the largest integrated healthcare organisations in Singapore and the region. It cares for more than a million patients, including the staff of more than 5,500 companies. Through its team of 1,200 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.

Central to the Group's operating philosophy is its Institutional Group Practice Model, a mode of physician practice adopted by internationally renowned medical institutions like the Mayo Clinic, the Cleveland Clinic and the Memorial Sloan Kettering Cancer Centre in the United States. Group Practice harnesses the different strengths of the team caring for the patient. Specialists come together in multi-disciplinary teams to ensure that each patient receives co-ordinated, quality and affordable care. With this model, there is better deployment of individual talents and the team pools its expertise to diagnose and treat illnesses quickly, efficiently and accurately.

The Group's flagship facility is the Raffles Hospital. A tertiary hospital located in the heart of the city. It offers a full complement of specialist and emergency services harnessing advanced medical technology for the benefit of its patients.

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

Beyond curative medical services, the Group also offers lifestyle services through its Raffles Aesthetics, Raffles Dental and Raffles Chinese Medicine centres. This meet the wellness needs of its patients.

In addition to its medical services, Raffles Medical Group offers insurance and consumer healthcare. The consumer healthcare arm, Raffles Health, develops and distributes nutraceutical products in Singapore and the region. International Medical Insurers (IMI) is a specialist healthcare insurer, writing health insurance policies for both individuals and groups.

highlights of 2008 performance

- Profit after tax and minority interests grew 35.0%^ to S$31.5 million
- Group achieved a 19.0% growth in revenue to S$200.8 million
- Profit from operating activities increased by 38.1%
- Revenue from Hospital Services division increased by 20.2%
- Revenue from Healthcare Services division grew 16.3%

5-year financial summary

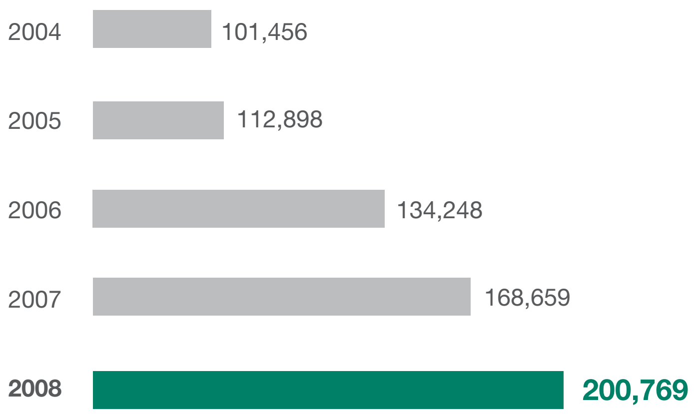
	2004^ $'000	2005 $'000	2006 $'000	2007 $'000	**2008 $'000**
Revenue	101,456	112,898	134,248	168,659	**200,769**
EBITDA	15,195	17,176	21,873	31,749*	**45,385**
Operating Profit	11,323	13,502	19,210	28,216	**38,973**
Profit Before Tax	12,441	14,796	20,044	28,922*	**38,350**
Profit After Tax	9,484	12,038	15,767	23,424*	**31,660**
Diluted Earnings per Share (cents)	2.19#	2.69#	3.44#	4.71*	**6.02**
Net Asset Value per Share (cents)	23.25#	24.41#	24.87#	38.98	**42.87**
Return on Equity (%)	9.5	11.1	13.9	17.9	**14.2**

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

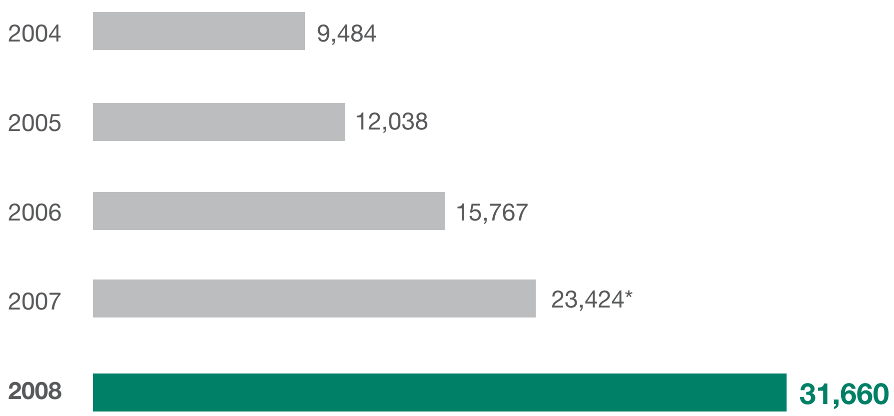
Figures restated to account for the one-for-ten bonus issue.

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

5-year group revenue (S$'000)

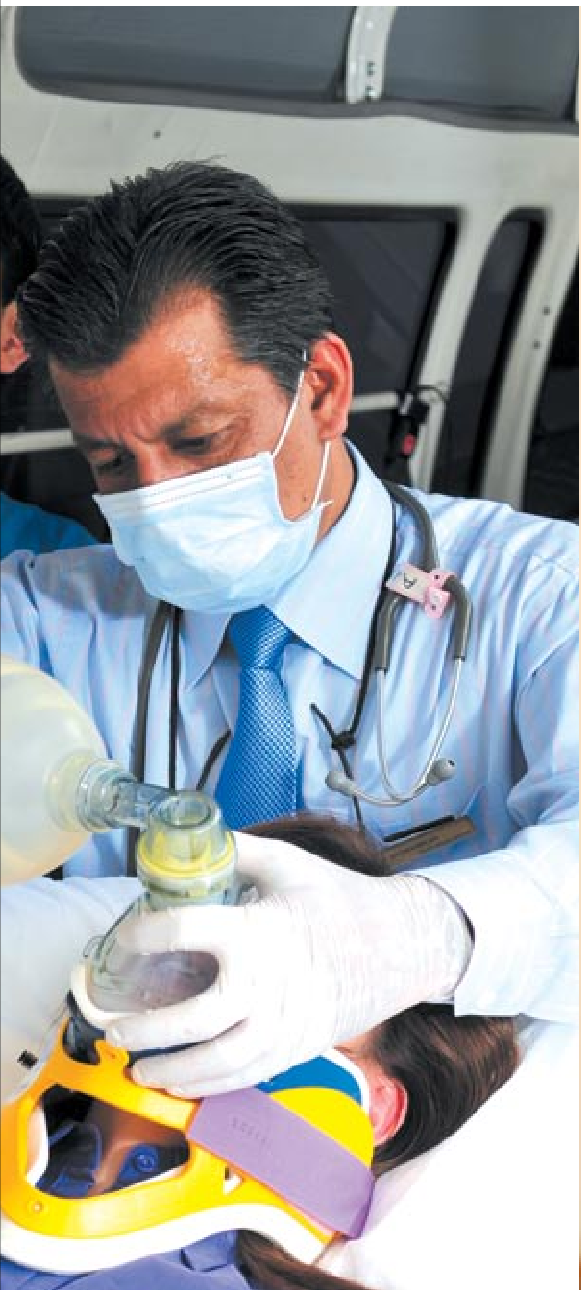


5-year group profit after tax (S$'000)



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

medical excellence, quality outcomes



At Raffles, quality patient care is our primary mission. We continually seek advancement and innovation in our clinical and management practices. These add to the breadth and depth of our capabilities in offering patients the finest total healthcare at the best value.

integrated approach, individual attention

Representing over 30 disciplines, our team of specialists constitute a group practice combining sub-specialty expertise and teamwork to ensure optimal, affordable and high quality care for our patients. The team provides integrated and comprehensive care which is coordinated to deliver treatment that is customised for individual patients.

advanced facilities, effective treatment

One of the cornerstones of our commitment to medical excellence is the development of multidisciplinary centres for key specialties which enable us to offer the most advanced and sophisticated treatments in the region. We are committed to making strategic investments in technology to support our specialists in providing our patients the most effective treatment options.

chairman's message

Dear Shareholders,

2008 will go down in modern history as the year of great global financial turbulence and the worst economic slump since the great Wall Street crash of 1929. The global economy is contracting and the only question left is really how deep this recession will be and how long it will take to recover.

Against this backdrop, the Group has done well. Group revenue grew 19.0% from S$168.7 million to S$200.8 million. Profit after tax and minority interests grew to a record level of S$31.5 million from S$23.4 million, an impressive growth of 35.0%, excluding the result of the fair value gain in 2007.

All divisions contributed positively to the Group with Hospital Services division's revenue growing by 20.2% and Healthcare Services division's revenue increasing by 16.3%. The Group's healthcare insurance division, International Medical Insurers (IMI) turned around with its maiden profit after four years of operations.

The Group's results in the fourth quarter were still impressive despite lower tourists arrival to Singapore as our foreign patients figures were still strong. Our focus on core curative services as opposed to discretionary aesthetic services together with the diversification of our foreign patient sources have contributed to the sustainability of our foreign patient business.

As the global financial crisis unfolds, your Board and Management stand ready to respond and do whatever is necessary for the Group to emerge stronger and fitter when the global economy recovers.

We continue to focus on our fundamentals – that of delivering the best healthcare to our patients wherever and whenever they seek care from the Group. Our group of physicians together with the nurses and healthcare managers continue to strive to deliver better, safer and higher quality healthcare. As part of our continuing quality journey, we embarked on the Joint Commission International (JCI) accreditation and associated quality assurance programmes. Compassion, quality and excellence are values through which we wish to distinguish ourselves from other healthcare providers in the region.

The Group enters these tumultuous times in a strong cash position with a strong cash flow. There are interesting opportunities at home and in the region that the Group will explore and strategically evaluate. Concurrently the Group will continue to expand our services at home and into the region.

I would like to pay tribute to our Board of Directors for their guidance and wise counsel. In particular, I like to record our deep appreciation to Dr David Lawrence, who will be retiring from the Board at the coming Annual General Meeting, for his sterling service and contributions to the Group for the past eleven years.

We would also like to record our appreciation to all our corporate clients and partners for their support and to all our patients for the trust they have in us.

To every one of you, we reaffirm our promise ***"To Our Patients, Our Best".***

Dr Loo Choon Yong
Executive Chairman


"All divisions contributed positively to the Group with Hospital Services division's revenue growing by 20.2% and Healthcare Services division's revenue increasing by 16.3%."

board of directors

Dr Loo Choon Yong
Executive Chairman and Co-Founder

Dr David McKinnon Lawrence
Independent Director

Associate Professor Wee Beng Geok
Independent Director

Mr Tan Soo Nan
Independent Director

Professor Lim Pin
Independent Director

FROM LEFT

Dr Loo Choon Yong

Executive Chairman and Co-Founder

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

Dr Loo was appointed by the President of Singapore as the Ambassador to the Italian Republic from March 2006 and Nominated Member of Parliament from January 2007. He chairs the Sentosa Development Corporation Ltd and Sentosa Golf Club. He is a member of the Board of Trustees of Singapore Management University (SMU) and Chinese Development Assistance Council (CDAC). He also serves as Council Member to the North East Community Development Council (CDC). He is the Chairman of the Asian Medical Foundation Ltd.

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

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

Dr David McKinnon Lawrence

Independent Director

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

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

He joined the Board on 25 July 1997.

Associate Professor Wee Beng Geok

Independent Director

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

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

Mr Tan Soo Nan

Independent Director

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

He is also a Member of the Income Tax Board of Review, Goods and Services Tax Board of Review, and Council Member of Football Association of Singapore. Mr Tan also serves on the board of several companies. Mr Tan was formerly the Chief Executive Officer of Temasek Capital (Private) Limited and Senior Managing Director of DBS Bank and had over 29 years of experience in the banking industry.

He joined the Board on 28 July 2000.

Professor Lim Pin

Independent Director

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

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

He joined the Board on 19 February 2001.

senior management

SEATED FROM LEFT

Ms Jean Lee Yong
Deputy Director
Human Resource
RAFFLES MEDICAL GROUP

Dr Kenneth Wu
General Manager
RAFFLES MEDICAL CLINICS

Mr Thomas Lee
General Manager
RAFFLES HOSPITAL

Dr Loo Choon Yong
Executive Chairman
RAFFLES MEDICAL GROUP

Mrs Kimmy Goh
Group Financial Controller
RAFFLES MEDICAL GROUP

Dr Prem Kumar Nair
Chief Talent Officer
RAFFLES MEDICAL GROUP

STANDING FROM LEFT

Dr Colin Quek
Chief Information Officer
RAFFLES MEDICAL GROUP

Mr Tan Cheong Hin
Director
Business Development
RAFFLES MEDICAL GROUP

Mrs Hilda Yap
General Manager
Management Services
RAFFLES MEDICAL GROUP

Mrs Sok Lee Chandran
Director
Corporate Finance
RAFFLES MEDICAL GROUP

Mr Lawrence Lim
General Manager
RAFFLES HOSPITAL INTERNATIONAL

clinical leaders

SEATED FROM LEFT

Dr Alfred Loh
Senior Clinical Director
RAFFLES MEDICAL CLINICS

Dr Wilson Wong
Medical Director
RAFFLES MEDICAL CLINICS

Dr Yii Hee Seng
Medical Director
INTERNATIONAL MEDICAL INSURERS

Prof Walter Tan
Medical Director
RAFFLES HOSPITAL

Dr Yang Ching Yu
Deputy Medical Director
RAFFLES HOSPITAL

STANDING FROM LEFT

A/Prof Adrian Yap
Clinical Director
RAFFLES DENTAL

Dr Chng Shih Kiat
Deputy Medical Director
RAFFLES MEDICAL CLINICS

Dr Onishi Yoichi
Medical Director
RAFFLES JAPANESE CLINIC

Dr Mok Ying Jang
Medical Director
RAFFLES MEDICAL GROUP, HONG KONG

operations review

Raffles Medical continues to see growth in its clinic services and corporate client pool.

2008: BUILDING ON STRONG FOUNDATIONS

Raffles Medical Group was able to continue on its growth path with all key operating units bettering their performance in 2008.

The Group's revenue increased 19.0 per cent from S$168.7 million in 2007 to S$200.8 million in 2008. Profit after tax for the Group grew by 35.0 per cent to attain a record S$31.5 million, excluding the result of the fair value gain in 2007.

As a group, all divisions contributed positively to the growth with Hospital Services division increasing its revenue by 20.2 per cent and Healthcare Services division growing by 16.3 per cent.

RAFFLES MEDICAL

Growth Along The Healthcare Value Chain

Raffles Medical once again saw growth in its clinic services and corporate client pool. In line with its strategy of supporting clients in specific industry clusters, Raffles Medical opened a new clinic within Fusionopolis to serve the business community there along with its existing facilities at Science Park and Ang Mo Kio Techpoint.

To meet the more discerning family medicine needs of patients, the Raffles Executive Medical Centre (REMC) was introduced in March 2008. Located within Raffles Hospital, it caters to the personalised primary care needs of busy executives and individuals. The Centre provides comprehensive outpatient services for acute ailments, chronic disease management, lifestyle disease management, immunisation programme, travel medicine and individualised health screening.

In line with its strategy of supporting clients in specific industry clusters, Raffles Medical opened a new clinic within Fusionopolis to serve the business community there along with its existing facilities at Science Park and Ang Mo Kio Techpoint.

Introduced in March 2008, the Raffles Executive Medical Centre (REMC) caters to the personalised primary care needs of busy individuals.


A counsellor interacting with corporate patients during a patient education session.


A patient performing the regular treadmill stress test. Dr Antono Sutandar, Specialist in Cardiology and Staff Nurse Teng Soon San in attendance.

Healthy Partnerships With Corporate Clients

Key government contracts were re-awarded to Raffles Medical for services covering primary care, health screening and pre-employment. The Raffles Medical panel of clinics continued to provide acute and chronic care to the employees of statutory boards in Singapore and pre-employment services to new employees joining the civil service.

The corporate clients of Raffles Medical grew with the recruitment of new MNCs and government agencies. It was also awarded a contract to provide first aid training to the members of the Community Emergency Response Teams (CERTs) under the People's Association (PA), paving a path for Raffles Medical to play a pivotal role within the Singapore community.

With more corporate clients taking an interest in their corporate and employee health profile, Raffles Medical collaborated closely with corporate clients in their corporate health promotion activities. More customised programmes were introduced, aimed at improving employee welfare and productivity.

RAFFLES HOSPITAL

Positioning For The Future

Following the full acquisition of the Raffles Hospital building at North Bridge Road in 2007, Raffles Hospital started its master planning for the future needs of its patients. This development enabled greater flexibility in optimisation of hospital and clinic space. In 2008, two new speciality centres were developed and plans were established for future developments.

Raffles Hospital's subspecialty focus continued to strengthen its healthcare delivery system and its ability to meet the healthcare needs of its patients. Patient activity levels remained strong throughout 2008 with patient visits experiencing double digit growth due to an increase in the number of consultant specialists and the expansion of services and programmes. The hospital's medical staff strength expanded with the addition of consultant specialists in cardiothoracic surgery, neurology, obstetrics and gynaecology, oncology, orthopaedics and radiology.

operations review (cont'd)

Dr Fong Yan Kit, Specialist in Urology, discusses various treatment options with his patients.

The hospital saw an increase in the number of international patients with complex medical conditions or those requiring major surgical interventions.

Raffles Hospital's focus on expanding its surgical programme and strengthening its critical care capabilities was also rewarded with favourable growth. The hospital's reputation as a provider of high quality tertiary care was reflected in the number of complex cases directed to the hospital. As a result, the hospital saw an increasing demand in the utilisation of higher intensity and higher value services. Supporting this trend was further expansion of the hospital's laboratory, radiology and diagnostic services which experienced double digit growth.

Raffles Hospital established the Raffles Skin Centre, a one-stop specialty centre offering a complete range of specialist dermatological services including dermatology, allergy, skin surgery, as well as hair and nail conditions.

Raffles Women's Centre, the private sector's largest Obstetrics and Gynaecology group practice further expanded its subspecialty capabilities and made noted advancements in maternal foetal medicine. The Centre's fertility services welcomed the new programme's first IVF babies in 2008. The demand for the Centre's expertise in foetal screening and management of "high risk" pregnancies continued to grow.

Dr Watt Wing Fong, a Specialist in Obstetrics & Gynaecology, shares the joys of motherhood with an expectant mother.

With a patient base from more than 100 countries, Raffles Hospital has evolved into a favoured medical destination for international patients.

Raffles Orthopaedic Centre expanded its service scope with new advances in spinal surgery, artificial disc replacement, vertebroplasty for compression fractures, joint replacement, sports medicine and specialised shoulder surgery and treatment.

Along with the expansion of the hospital's outpatient business, the inpatient business exhibited favourable growth. Hospital inpatient admissions, surgical activity and intensive care utilisation all surpassed that of the previous year.

On The International Healthcare Map

Raffles Hospital has evolved into a favoured medical destination for international patients. In 2008, the hospital provided care to patients from more than 100 countries. International patients represent a third of all hospital attendances. Noted growth was experienced from emerging markets such as Vietnam, Russia and Cambodia. Effective marketing efforts and the strengthening of patient referral networks in these markets contributed to this growth.

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

Health screening and specialty second opinions remained in great demand by the international patients. The hospital saw an increase in the number of international patients with complex medical conditions or those requiring major surgical interventions. Key specialty areas that they came for included cardiology/cardiovascular surgery, oncology, orthopaedic and spine surgery, neurology/neurosurgery, colorectal and general surgery, ophthalmology and fertility care. Raffles' Group Practice model has been especially helpful in its ability to generate predictive hospital bill estimates and bill determination, attracting and drawing international patients to the hospital.

operations review (cont'd)

Raffles Aesthetics now provides a wider range of minor surgical procedures at its outpatient clinic.

Raffles Chinese Medicine streamlined its services to provide more specialty options for patients.

HEALTH FOR LIFE & WELLNESS

Raffles Aesthetics expanded its range of services in 2008. In March, it launched anti-ageing screening services which offer analysis of hormonal functions to identify deficiencies or abnormalities predictive of diseases. The centre also provided a wider range of minor surgical procedures at its outpatient clinic providing convenience for its clients. A broader range of skincare and mineral make-up products were made available in the centre, together with makeover services.

New satellite clinics were launched in Changi Airport Terminal 3 and Ang Mo Kio offering non-surgical aesthetics services. Moving forward, preparations have been made for the launch of hair transplant services as well as its own signature range of skincare products in 2009.

Raffles Japanese Clinic expanded its dental services to Liang Court branch, and introduced new services in dermatology and paediatrics. The paediatric service provided an excellent complement to the Japanese obstetrics and gynaecology services for mother and child. The dermatology service, including aesthetics services, was started in March in response to demand.

With three clinics in Raffles Hospital, Liang Court and International Building and a comprehensive range of services which now includes family medicine, gastroenterology, obstetrics and gynaecology, paediatrics, dermatology, and dental care, the clinics serve not only Japanese nationals living in Singapore but also those from the region who fly in to receive medical care. Its pool of doctors and dentists was increased to meet this demand.

Raffles Japanese Clinic introduced new comprehensive premium health screening packages in 2008. It is also the first Japanese clinic in Singapore to provide patients drug information for their prescription and a new health screening report format similar to that used in Japan, to enhance the familiarity factor and help patients feel at home.

Raffles Chinese Medicine streamlined its services to provide more specialty options for patients. The clinic's pool of physicians and therapists now provide alternative medicine in a wide range of TCM specialties including dermatology, gynaecology and reproductive health, internal medicine, neurology, ophthalmology, orthopaedics and paediatrics.

The physicians in Raffles Chinese Medicine continue to work closely with the consultants in the specialist clinics to provide complementary TCM treatments in the management of selected conditions. Riding on the success of collaborative programmes with western medicine colleagues for fertility and pain management, Raffles Chinese Medicine will be developing more collaboration programmes for men's health, cancer complementary care, and stroke aftercare.

Raffles Dental grew organically and streamlined its clinics into multi-chair practices to garner the benefits of group practice. Come April 2009, the single-chair clinic in Tampines Junction will relocate to a new clinic location in Tampines One to achieve its vision of a multi-chair practice in every Raffles Dental clinic. The practice enrolled six new specialists and five new general dental practitioners enabling it to serve more patients and in more specialties in 2008.

The dental specialist centre at Raffles Hospital was refurbished in 2008 to create a warm and comfortable ambience for its patients. The centre also installed a state-of-the-art CT machine to support the specialist dental services.

In 2008, Raffles Health extended the range of products it develops and markets under the Raffles and Kidds brands. A gummy bear series was introduced under the Kidds brand offering fun and tasty vitamins for the growing child. In response to public demand for formula products, it introduced a range of premium supplements blending vitamins, minerals, antioxidants, amino acids, herbal extracts, and natural food supplements to effectively address specific health concerns. The specialty formulas - Derma Clear, Cardio Plus, and Joint Plus - are distinctively packaged and have been successfully launched in Guardian Health & Beauty. Plans are underway to expand the specialty range.

In addition, Raffles Health worked towards distributing its products to the Indonesian market, and by 2009, the Raffles and Kidds range of products will be available in major retail pharmacies and stores in Jakarta.

Consultant Prosthodontist A/Prof Adrian Yap in a discussion with his patient.

By 2009, the Raffles and Kidds range of products will be available in major retail pharmacies and stores in Jakarta.

operations review (cont'd)

Responses to the IMI-BUPA International Health Plan surpassed expectations and confirmed the need for such a product in this region.

Dr Lim Lian Arn, Specialist in Orthopaedic Surgery and Dr Ekachai Danpanich, Specialist in Renal Medicine exchanging pointers while examining their patient's MRI and CT scans.

HEALTHCARE FINANCING

International Medical Insurers's (IMI) business continued to grow strongly, with premiums increasing by 65% compared with 2007. This was achieved by securing new clients and launching new products. The IMI-BUPA International Health Plan was launched in May 2008 to cater to the high-net worth and international expatriate market. The response to this product was better than expected and confirmed the need for such a product in this region.

IMI has also achieved encouraging response to its Group Term Life product and will continue to grow and expand this portfolio among its corporate clients. To improve customer service, IMI set up its own in-house call centre in mid-2008 and beefed up its customer service team. Feedback from clients and members has been positive.

RAFFLES GROUP PRACTICE MODEL – THE WAY FORWARD

Raffles' Group Practice model, unique among private healthcare organisations in Singapore and the region, has proven to be a key factor in the success of the organisation over the last 32 years. Consistent with the experience of noted group practices elsewhere like Mayo Clinic and Cleveland Clinic, this model has enabled Raffles to deliver consistently high quality care and service to its patients.

The strength of the model is its ability to favourably support seamless multi-disciplinary care across the various touch points of the healthcare value chain. The model continues to promote Raffles' patient centric focus through a collective organisational service orientation, team based care and a collaborative and consultative approach to patient care and management.

corporate information

RafflesMedicalGroup

Board of Directors

Dr Loo Choon Yong
Executive Chairman

Dr David McKinnon Lawrence
Independent Director

Mr Tan Soo Nan
Independent Director

Associate Professor Wee Beng Geok
Independent Director

Professor Lim Pin
Independent Director

Board Audit Committee

Mr Tan Soo Nan
Chairman

Associate Professor Wee Beng Geok

Professor Lim Pin

Dr Loo Choon Yong

Board Nomination and Compensation Committee

Associate Professor Wee Beng Geok
Chairman

Professor Lim Pin

Dr Loo Choon Yong

Registered / Corporate Office

585 North Bridge Road
Raffles Hospital #11-00
Singapore 188770
Telephone: 6311 1111
Facsimile : 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
Certified Public Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Partner-in-Charge: Ms Tan Yee Peng
Year of Appointment: 2005

Principal Bankers

DBS Bank Ltd

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
Independent Director

Mr Ngiam Tong Dow
Independent Director

Mr Koh Kian Chew Edmund
Independent Director

Mr N Ganesan s/o N N Pillay
Independent Director

Company Secretary

Ms Tay Kim Choon Kimmy

Auditors

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

Principal Bankers

DBS Bank Ltd

United Overseas Bank Limited

professional governance 2008

RafflesHospital

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

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

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

Credentialling & Privileging Committee
Dr Yang Ching Yu *(Chairman)*
Dr Khoo Chong Yew
Dr Alfred Loh
Dr S Krishnamoorthy
Professor Walter Tan *(Ex Officio)*

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

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

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

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

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

Infection Control Committee
Dr Teo Sek Khee *(Chairman)*
Ms Ong Suat Kien
Ms Wong Kim Tee Roselyn
Ms Tham Meng Kew
Ms Low Wai Harn
Ms Lim Hwa Hiang
Ms Alice Chan Teck Meng *(Secretary)*

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

Blood Transfusion & Tissue Review Committee
Dr S Krishnamoorthy *(Chairman)*
Dr Eric Teh *(Co-chairman)*
Dr Koh Gim Hwee
Dr Sathiaseelan Sivanathan
Dr Jean Ho
Ms Fa'eezah Bte Hamzah
Ms Pang Yen Yin
Mr Seow Ser Hoe *(Secretary)*

Patient Records Review Committee
Dr Ng Chin *(Chairman)*
Dr Koh Gim Hwee
Ms Lee Lee Boon
Ms Tan Lay Geok
Ms Ong Suat Kien
Ms Fa'eezah Bte Hamzah *(Secretary)*

ICU Committee
Dr Chan Choong Chee *(Chairman)*
Dr Ng Wai Lin
Dr Yang Ching Yu
Dr Veronica Toh
Dr Alex Lee
Dr Gabriel Cheong
Ms Kamala Yogam d/o Rajoo *(Secretary)*

RafflesMedical

Medical Board
Dr Wilson Wong *(Chairman)*
Dr Yii Hee Seng
Dr Salleh Omar Alkhatia
Dr Hoo Kai Meng
Dr Chin Min Kwong
Dr Chng Shih Kiat
Dr Choo Shiao Hoe
Dr Kang Aik Kiang

Pharmacy & Therapeutics Committee
Dr Hoo Kai Meng *(Chairman)*
Dr Lily Lin
Dr Chong Siew Yun

corporate governance

CORPORATE GOVERNANCE STATEMENT

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

PRINCIPLE 1: THE BOARD'S CONDUCT OF ITS AFFAIRS

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

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

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

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

TRAINING OF DIRECTORS

All new Directors are given briefing sessions on the operations of all the key businesses and support units. Prior to their appointments, new Directors are provided with relevant information on their duties as Directors under Singapore law. Directors are also updated regularly on accounting and regulatory changes.

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

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

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

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

corporate governance (cont'd)

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

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

Name of Directors	Date of Appointment	Nature of Appointment	Prime Function	Other Functions	Academic and Qualifications
Dr Loo Choon Yong Age: 60	16/5/1989	Executive/ Non-independent	Chairman	Member of Nomination & Compensation Committee and Audit Committee	MBBS (S'pore), MCFP (S'pore), Dip. Cardiac Medicine (London), LLB (Hons) London, Barrister (Middle Temple)
Mr Tan Soo Nan Age: 60	28/7/2000	Non-executive/ Independent	Member	Chairman of Audit Committee	Bachelor of Business Admin (Hons), Associate of The Chartered Institute of Bankers Chief Executive Officer of Singapore Pools (Pte) Ltd
Professor Lim Pin Age: 73	19/2/2001	Non-executive/ Independent	Member	Member of Nomination & Compensation Committee and Audit Committee	MBBChir (Cambridge), MA (Cambridge), MRCP (London), MD (Cambridge), FAM, FRCP (London), FRACP, FRCPE, FACP Professor of Medicine at National University of Singapore and Senior Consultant Endocrinologist at National University Hospital
Associate Professor Wee Beng Geok Age: 60	27/11/2000	Non-executive/ Independent	Member	Chairman of Nomination & Compensation Committee and Member of Audit Committee	PhD in Management Systems & Sciences (Hull), MBA (Cranfield Institute of Technology), BBA (S'pore) Associate Professor at Nanyang Business School, Nanyang Technological University
Dr David McKinnon Lawrence Age: 69	25/7/1997	Non-executive/ Independent	Member	–	BA degree (Amherst College), MD (University of Kentucky), MPH (University of Washington) Board Member of Agilent Technologies, Dynavax Technologies Corporation, McKesson Corporation, and RAND Health Advisory Board

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

corporate governance (cont'd)

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

INDEPENDENT MEMBERS OF THE BOARD

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

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

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

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

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

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

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

PRINCIPLE 4: BOARD MEMBERSHIP

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

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

Key information regarding the Directors is set out on pages 12 and 13 of the Annual Report.

corporate governance (cont'd)

PRINCIPLE 5: BOARD PERFORMANCE

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

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

PRINCIPLE 6: ACCESS TO INFORMATION

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

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

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

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

PRINCIPLES 7 AND 8: REMUNERATION MATTERS

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

The Nomination & Compensation Committee determines the remuneration packages for the Executive Chairman and Senior Management based on the performance of the Group and the individual. The Executive Chairman does not participate in meetings to discuss his compensation package. The performance of Non-executive Directors is reviewed by the Executive Chairman on an ongoing basis.

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

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

Remuneration band	Number of Directors	
	2008	2007
S$500,000 and above	1	1
S$250,000 to below S$500,000	–	–
Below S$250,000	4	4
	5	5

corporate governance (cont'd)

PRINCIPLE 9: DISCLOSURE ON REMUNERATION (CONT'D)

Summary compensation table for the year ended 31 December 2008 (Group):

Name of Directors	Salary[1] %	Bonus[2] %	Directors' fees %	Total Compensation %	Share Options Grants[3]	Exercise Price	Date of Expiry
S$500,000 and above							
Dr Loo Choon Yong *Executive Chairman*	14	86	–	100	–	–	–
Below S$250,000							
Dr David McKinnon Lawrence *Non-executive*	–	–	100	100	38,000	$1.24	31/3/2013
Mr Tan Soo Nan *Non-executive*	–	–	100	100	48,000	$1.24	31/3/2013
Associate Professor Wee Beng Geok *Non-executive*	–	–	100	100	48,000	$1.24	31/3/2013
Professor Lim Pin *Non-executive*	–	–	100	100	38,000	$1.24	31/3/2013

(1) The salary amount shown is inclusive of allowances, CPF, all fees other than Directors' fees and other emoluments.
(2) The bonus amount shown is inclusive of CPF.
(3) Relates to options granted during the year by the Company.

KEY EXECUTIVES' REMUNERATION

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

Key information regarding the Employees' Share Option Scheme is set out on pages 36 to 38 of the Annual Report.

PRINCIPLE 10: ACCOUNTABILITY

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

BOARD COMMITTEES

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

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

corporate governance (cont'd)

PRINCIPLE 10: ACCOUNTABILITY (CONT'D)

NOMINATION & COMPENSATION COMMITTEE

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

It is the view of the Board that it is in the best interest of the Company to have the Executive Chairman Dr Loo Choon Yong sit on the Nomination & Compensation Committee. The Board believes that Dr Loo Choon Yong's long experience in the healthcare industry and input is necessary to enable the Company to adequately compensate key executives and clinicians in the competitive healthcare industry. There is no prospect of conflict as the Executive Chairman has opted not to participate in the Employees' Share Option Scheme. Furthermore, the Committee, comprising of 2 other independent non-executive directors, has also reviewed the compensation of the Executive Chairman to ensure that he is appropriately rewarded, giving due regard to the financial and commercial health and business needs of the Group.

PRINCIPLE 11: AUDIT COMMITTEE

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

Specifically, the Audit Committee:
- reviews the audit plans, functions and scope of audit examination of the external auditors and approves the audit plans of the internal auditors;
- recommends to the Board the appointment and re-appointment of external auditors;
- approves the remuneration of the external auditors, and to review the scope and result of the audit and its cost effectiveness;
- evaluates the overall effectiveness of both the internal and the external audits through regular meetings with each group of auditors;
- reviews the adequacy of the internal audit function;
- determines that no restrictions are being placed by Management upon the work of the internal and external auditors;
- evaluates the adequacy of the internal control systems of the Group by reviewing written reports from the internal and external auditors, and Management's responses and actions to correct any deficiencies;
- evaluates adherence to the Group's administrative, operating and internal accounting controls;
- reviews the annual and interim financial statements and announcements to shareholders before submission to the Board for adoption;
- reviews interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST")) to ensure that they are on normal commercial terms and not prejudicial to the interests of the Company or its shareholders;
- reviews non-audit services provided by the external auditors to establish their independence;
- expands the duties of the Audit Committee to include reviewing and ensuring the integrity of the financial statements of the Company. Reviewing the effectiveness of the Company's internal audit function and making recommendations to the Board on engaging the external auditor;
- discusses with the external auditors any suspected fraud or irregularity or failure of internal controls or suspected infringement of any Singapore or other applicable law, rule and regulation;
- 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.

corporate governance (cont'd)

PRINCIPLE 11: AUDIT COMMITTEE (CONT'D)

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

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

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

PRINCIPLE 13: INTERNAL AUDIT

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

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

The internal auditor reports primarily to the Chairman of the Audit Committee, Mr Tan Soo Nan. The Audit Committee will ensure that the internal auditor has adequate resources and has appropriate standing within the Group. The Committee will assess the effectiveness of the internal auditor on an annual basis by examining:

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

DEALINGS IN SECURITIES

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

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

corporate governance (cont'd)

PRINCIPLES 14 AND 15: COMMUNICATION WITH SHAREHOLDERS

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

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

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

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

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

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

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

MATERIAL CONTRACTS

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

ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

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

Name of Directors	Board		Audit Committee		Nomination & Compensation Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Dr Loo Choon Yong	6	6	4	4	2	2
Mr Tan Soo Nan	6	6	4	4	–	–
Associate Professor Wee Beng Geok	6	6	4	4	2	2
Professor Lim Pin	6	5	4	4	2	2
Dr David McKinnon Lawrence	6	5	–	–	–	–

financial report

contents

directors' report

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2008.

DIRECTORS

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

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

DIRECTORS' INTERESTS

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

	Holdings in the name of the director, spouse or infant children		Other holdings in which the director is deemed to have an interest	
The Company	**At beginning of the year**	**At end of the year**	**At beginning of the year**	**At end of the year**
		Ordinary Shares		
Dr Loo Choon Yong	50,626,000	52,790,000	207,181,898	207,181,898
Dr David McKinnon Lawrence	567,600	767,600	–	–
Professor Lim Pin	146,000	296,000	–	–
Mr Tan Soo Nan	495,000	795,000	–	–
Associate Professor Wee Beng Geok	583,000	583,000	–	–

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
Dr David McKinnon Lawrence	200,000	–	$0.16	31/03/2003
	100,000	100,000	$0.30	01/04/2004
	100,000	100,000	$0.40	01/04/2005
	100,000	100,000	$0.68	03/04/2006
	50,000	50,000	$1.14	02/04/2007
	–	38,000	$1.24	01/04/2008

directors' report (cont'd)

DIRECTOR'S 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	100,000	–	$0.68	03/04/2006
	50,000	–	$1.14	02/04/2007
	–	38,000	$1.24	01/04/2008
Mr Tan Soo Nan	200,000	–	$0.16	31/03/2003
	100,000	–	$0.30	01/04/2004
	100,000	100,000	$0.40	01/04/2005
	150,000	150,000	$0.68	03/04/2006
	50,000	50,000	$1.14	02/04/2007
	–	48,000	$1.24	01/04/2008
Associate Professor Wee Beng Geok	100,000	100,000	$0.30	01/04/2004
	100,000	100,000	$0.40	01/04/2005
	100,000	100,000	$0.68	03/04/2006
	50,000	50,000	$1.14	02/04/2007
	–	48,000	$1.24	01/04/2008

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

The options in the Company are exercisable as follows:

(i) the options granted in 2003 are exercisable during a period commencing 12 months from the Date of Grant for the first 100,000 shares, 24 months from the Date of Grant for the next 100,000 shares and the balance after 36 months and expires at the end of 60 months from the Date of Grant.

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

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

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

directors' report (cont'd)

DIRECTOR'S INTERESTS (CONT'D)

(v) 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.

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

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

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

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2009.

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 24 and 25 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

SHARE OPTIONS

Employees' Share Option Scheme

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

(2) The RMG 2000 Scheme is administered by the Nomination & 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.

directors' report (cont'd)

SHARE OPTIONS (CONT'D)

Employees' Share Option Scheme (cont'd)

(3) On 1 April 2008, additional options were granted pursuant to the RMG 2000 Scheme to subscribe for ordinary shares at an exercise price of $1.24 as follows:

	Company
Directors of the Company and Executive Directors of the subsidiaries	468,000
Full-time employees	2,832,000
	3,300,000

(4) As at 31 December 2008, 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 2008	Options granted	Options exercised	Options forfeited/ expired	Options outstanding at 31 December 2008	Number of option holders at 31 December 2008
15/02/2001	$0.320	1,608,000	–	(160,000)	–	1,448,000	26
08/04/2002	$0.230	1,024,000	–	(208,000)	(20,000)	796,000	23
31/03/2003	$0.160-$0.185	1,152,000	–	(413,000)	(9,000)	730,000	22
01/04/2004	$0.300-$0.330	1,501,000	–	(249,000)	(12,000)	1,240,000	34
01/04/2005	$0.400-$0.420	2,586,000	–	(637,000)	(5,000)	1,944,000	55
03/04/2006	$0.680-$0.710	4,344,000	–	(671,000)	(22,000)	3,651,000	129
02/04/2007	$1.140-$1.150	3,712,000	–	(276,000)	(223,000)	3,213,000	223
01/04/2008	$1.240	–	3,300,000	–	(180,000)	3,120,000	283
		15,927,000	3,300,000	(2,614,000)	(471,000)	16,142,000	

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

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

Name of participant	Options granted for financial year ended 31 December 2008	Aggregate options granted since commencement of Scheme to 31 December 2008	Aggregate options exercised since commencement of Scheme to 31 December 2008	Aggregate options outstanding as at 31 December 2008
Directors of the Company				
Dr David McKinnon Lawrence	38,000	1,038,000	650,000	388,000
Professor Lim Pin	38,000	808,000	770,000	38,000
Mr Tan Soo Nan	48,000	1,048,000	700,000	348,000
Associate Professor Wee Beng Geok	48,000	948,000	550,000	398,000
Total	172,000	3,842,000	2,670,000	1,172,000

directors' report (cont'd)

SHARE OPTIONS (CONT'D)

Employees' Share Option Scheme (cont'd)

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

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

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

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

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

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

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

AUDIT COMMITTEE

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

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

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

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

directors' report (cont'd)

AUDIT COMMITTEE (CONT'D)

The Audit Committee also reviewed the following:

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

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

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

AUDITORS' REMUNERATION

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

AUDITORS

The auditors, KPMG 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

21 February 2009

statement by directors

In our opinion:

(a) the financial statements set out on pages 42 to 83 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 2008 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

21 February 2009

independent auditors' report

Members of the Company
Raffles Medical Group Ltd

We have audited the accompanying financial statements of Raffles Medical Group Ltd (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at 31 December 2008, the income statement, statement of changes in equity and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 42 to 83.

Management's responsibility for the financial statements

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

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

(b) selecting and applying appropriate accounting policies; and

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

Auditors' responsibility

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

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

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

Opinion

In our opinion:

(a) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and the results, changes in equity and cash flows of the Group for the year ended on that date; and

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

KPMG LLP
Public Accountants and Certified Public Accountants

Singapore
21 February 2009

balance sheets
as at 31 December 2008

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Non-current assets					
Property, plant and equipment	3	150,251	150,794	3,273	2,270
Intangible assets	4	255	307	152	152
Investment properties	5	84,400	84,400	–	–
Subsidiaries	6	–	–	197,165	202,650
Membership rights, at cost		164	164	93	93
Deferred tax assets	7	1,179	1,315	–	–
		236,249	236,980	200,683	205,165
Current assets					
Investment in equity securities held for trading		–	704	–	–
Inventories		4,750	3,803	1,544	1,150
Trade and other receivables	8	24,901	20,231	11,807	9,887
Cash and cash equivalents	9	44,501	19,744	30,788	7,223
		74,152	44,482	44,139	18,260
Total assets		310,401	281,462	244,822	223,425
Equity attributable to equity holders of the Company					
Share capital	10	171,347	170,047	171,347	170,047
Reserves	12	50,578	30,763	25,311	14,912
		221,925	200,810	196,658	184,959
Minority interests		321	224	–	–
Total equity		222,246	201,034	196,658	184,959
Non–current liabilities					
Deferred tax liabilities	7	742	737	121	121
Interest–bearing liabilities	14	22,000	–	–	–
		22,742	737	121	121
Current liabilities					
Trade and other payables	13	51,503	47,716	42,637	33,997
Interest–bearing liabilities	14	4,614	25,260	2,234	1,711
Current tax payable		9,296	6,715	3,172	2,637
		65,413	79,691	48,043	38,345
Total liabilities		88,155	80,428	48,164	38,466
Total equity and liabilities		310,401	281,462	244,822	223,425

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

consolidated income statement

year ended 31 December 2008

	Note	Group 2008 $'000	Group 2007 $'000
Revenue		200,769	168,659
Other operating income		494	2,120
Inventories and consumables used		(22,676)	(19,372)
Purchased and contracted services		(12,862)	(11,878)
Staff costs		(98,319)	(85,939)
Depreciation of property, plant and equipment		(6,618)	(4,220)
Operating lease expenses		(4,450)	(9,784)
Other operating expenses		(17,365)	(11,370)
Profit from operating activities		38,973	28,216
Finance expenses	16	(623)	(376)
Share of profits in a jointly-controlled entity		–	13,582
Profit before income tax		38,350	41,422
Income tax expense	17	(6,690)	(5,498)
Profit for the year	15	31,660	35,924
Attributable to:			
Equity holders of the parent		31,547	35,863
Minority interests		113	61
Profit for the year		31,660	35,924
Earnings per share (cents)	18		
Basic		6.10	7.36
Diluted		6.02	7.23

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

consolidated statement of changes in equity

year ended 31 December 2008

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

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

consolidated statement of changes in equity (cont'd)

year ended 31 December 2008

Group	Share capital $'000	Currency translation reserve $'000	Share option reserve $'000	Accumulated profits $'000	Total attributable to equity holders of the Company $'000	Minority interests $'000	Total equity $'000
At 1 January 2008	170,047	(334)	2,621	28,476	200,810	224	201,034
Issue of 2,614,000 shares with 160,000 shares at $0.32 per share, 208,000 shares at $0.23 per share, 13,000 shares at $0.185 per share, 400,000 shares at $0.16 per share, 112,000 shares at $0.33 per share, 137,000 shares at $0.30 per share, 577,000 shares at $0.42 per share, 60,000 shares at $0.40 per share, 541,000 shares at $0.71 per share, 130,000 shares at $0.68 per share, 226,000 shares at $1.15 per share, 50,000 shares at $1.14 per share upon the exercise of options under Raffles Medical Group Employees' Share Option Scheme	1,300	–	–	–	1,300	–	1,300
Translation differences relating to financial statements of foreign subsidiaries	–	(21)	–	–	(21)	–	(21)
Net profit for the year	–	–	–	31,547	31,547	113	31,660
Total recognised income and expense for the year	–	(21)	–	31,547	31,526	113	31,639
Value of employee services received for issue of share options	–	–	1,216	–	1,216	–	1,216
Interim dividend paid of 1.0 cent per ordinary share	–	–	–	(5,175)	(5,175)	–	(5,175)
Final dividend paid of 1.5 cents per ordinary share	–	–	–	(7,752)	(7,752)	–	(7,752)
Dividends distributed to minority shareholder	–	–	–	–	–	(16)	(16)
At 31 December 2008	171,347	(355)	3,837	47,096	221,925	321	222,246

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

consolidated cash flow statement

year ended 31 December 2008

	Note	2008 $'000	2007 $'000
Operating activities			
Profit before income tax		38,350	41,422
Adjustments for:			
Amortisation of intangible assets		52	51
Depreciation of property, plant and equipment		6,618	4,220
Dividend income		(9)	–
Equity–settled share–based payment transactions		1,216	914
Exchange loss/(gain)		25	(110)
Finance expenses		623	376
Gain on disposal of equity securities held for trading		(227)	(147)
Interest income from fixed deposits and commercial notes		(258)	(1,820)
Net change in fair value of equity securities held for trading		44	(43)
Property, plant and equipment written off		71	34
Share of profits in a jointly–controlled entity		–	(13,582)
		46,505	31,315
Changes in working capital:			
Inventories		(947)	(385)
Trade and other receivables		(4,700)	(3,588)
Trade and other payables		3,816	17,283
Cash generated from operations		44,674	44,625
Income taxes paid		(3,977)	(4,178)
Interest paid		(623)	(376)
Cash flows generated from operating activities		40,074	40,071
Investing activities			
Acquisition of a subsidiary, net of cash acquired	20	–	(64,002)
Acquisition of equity securities held for trading		(1,251)	(1,901)
Dividend received		9	–
Interest received		289	1,957
Investment in commercial notes		–	(32,750)
Proceeds from sale of commercial notes		–	47,000
Proceeds from sale of equity securities held for trading		2,138	1,387
Purchase of club memberships		–	(76)
Purchase of intangible asset		–	(152)
Purchase of property, plant and equipment		(6,145)	(4,286)
Cash flows used in investing activities		(4,960)	(52,823)
Financing activities			
Dividends paid		(12,927)	(17,766)
Dividends paid to minority shareholder of the subsidiary		(16)	(10)
Proceeds from issue of ordinary shares		–	63,935
Proceeds from issue of shares under share option scheme		1,300	5,062
Proceeds from bank loan		28,841	–
Repayment of bank loan		(27,934)	(60,332)
Repayment of loan to minority shareholder		–	(100)
Cash flows used in financing activities		(10,736)	(9,211)
Net increase/(decrease) in cash and cash equivalents		24,378	(21,963)
Cash and cash equivalents at beginning of the year		19,744	41,774
Effect of exchange rate changes on balances held in foreign currency		(1)	(67)
Cash and cash equivalents at end of the year	9	44,121	19,744

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

notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 21 February 2009.

1 DOMICILE AND ACTIVITIES

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

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

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

All transactions of these sole proprietorships are reflected in the financial statements of the Company. The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

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

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

notes to the financial statements (cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

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.

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

- Note 4 – assumption of recoverable amount relating to goodwill impairment
- Note 11 – measurement of share-based payments

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

2.2 Consolidation

Business combinations

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

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

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights presently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Transactions eliminated on consolidation

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

Accounting for subsidiaries by the Company

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

notes to the financial statements (cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Foreign currencies

Foreign currency transactions

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

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

Foreign operations

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

Net investment in a foreign operation

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

2.4 Property, plant and equipment

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

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

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

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

notes to the financial statements (cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Property, plant and equipment (cont'd)

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

The estimated useful lives 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, and adjusted as appropriate, at each reporting date.

2.5 Intangible assets

Assignment fees

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

Goodwill

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets and liabilities of the acquiree. Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in note 2.9.

2.6 Investment properties

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

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

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

notes to the financial statements (cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial instruments

Non-derivative financial instruments

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

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

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

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

Financial assets at fair value through profit or loss

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

Other

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

Impairment of financial assets

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

notes to the financial statements (cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial instruments (cont'd)

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

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

Share capital

Ordinary shares are classified as equity.

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

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

2.8 Leases

When entities within the Group are lessees of an operating lease

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

When entities within the Group are lessors of an operating lease

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

2.9 Impairment – non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill, the recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified.

notes to the financial statements (cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Impairment – non-financial assets (cont'd)

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

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

2.10 Inventories

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

2.11 Employee benefits

Defined contribution plans

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

Short-term benefits

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

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

notes to the financial statements (cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Employee benefits (cont'd)

Share-based payments

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

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

In the Company's separate financial statements, the fair value of options granted to employees of its subsidiaries is recognised as an increase in the cost of the Company's investment in subsidiaries, with an corresponding increase in equity over the vesting period.

2.12 Revenue recognition

Service revenue

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

Rental income from operating leases

Rental income receivable under operating leases is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income to be received. Contingent rentals are recognised as income in the accounting period in which they are earned.

2.13 Finance expenses

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

notes to the financial statements (cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Income tax expense

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

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

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

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

3 PROPERTY, PLANT AND EQUIPMENT

Group	Note	Leasehold land $'000	Leasehold properties $'000	Medical equipment $'000	Furniture and fittings $'000	Office equipment $'000	Motor vehicles $'000	Computers $'000	Renovations $'000	Facilities equipment $'000	Total $'000
Cost											
At 1 January 2007		–	9,029	17,119	2,253	724	583	3,586	3,602	1,518	38,414
Additions		–	–	1,952	335	68	–	652	1,224	55	4,286
Assets acquired in a business combination	20	83,012	47,588	–	–	–	–	–	–	–	130,600
Disposals		–	–	(81)	(14)	(15)	–	(311)	(73)	–	(494)
Translation differences on consolidation		–	–	(26)	(6)	(2)	–	(1)	(27)	–	(62)
At 31 December 2007		83,012	56,617	18,964	2,568	775	583	3,926	4,726	1,573	172,744
Additions		–	–	2,747	409	88	34	877	1,881	109	6,145
Disposals		–	–	(164)	(101)	(74)	(13)	(220)	(515)	(2)	(1,089)
Translation differences on consolidation		–	–	1	–	–	–	–	2	–	3
At 31 December 2008		83,012	56,617	21,548	2,876	789	604	4,583	6,094	1,680	177,803
Accumulated depreciation											
At 1 January 2007		–	1,237	8,944	1,289	482	215	2,825	2,571	660	18,223
Depreciation charge for the year		295	463	1,948	183	62	56	473	585	155	4,220
Disposals		–	–	(74)	(10)	(12)	–	(310)	(54)	–	(460)
Translation differences on consolidation		–	–	(13)	(2)	(2)	–	–	(16)	–	(33)
At 31 December 2007		295	1,700	10,805	1,460	530	271	2,988	3,086	815	21,950

notes to the financial statements (cont'd)

3 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 2008	295	1,700	10,805	1,460	530	271	2,988	3,086	815	21,950
Depreciation charge for the year	1,180	1,283	2,159	233	72	53	666	801	171	6,618
Disposals	–	–	(155)	(73)	(62)	(13)	(212)	(502)	(1)	(1,018)
Translation differences on consolidation	–	–	1	–	–	–	–	1	–	2
At 31 December 2008	1,475	2,983	12,810	1,620	540	311	3,442	3,386	985	27,552
Carrying amount										
At 1 January 2007	–	7,792	8,175	964	242	368	761	1,031	858	20,191
At 31 December 2007	82,717	54,917	8,159	1,108	245	312	938	1,640	758	150,794
At 31 December 2008	81,537	53,634	8,738	1,256	249	293	1,141	2,708	695	150,251

As at 31 December 2007, leasehold land and leasehold properties with a carrying amount of $130,032,000 were pledged as security to secure bank loans. There are no pledged property, plant and equipment as at 31 December 2008.

notes to the financial statements (cont'd)

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Medical equipment $'000	Furniture and fittings $'000	Office equipment $'000	Motor vehicles $'000	Computers $'000	Renovations $'000	Total $'000
Cost							
At 1 January 2007	1,355	1,253	552	483	1,857	2,563	8,063
Additions	66	61	55	–	407	138	727
Disposals	(11)	(20)	(32)	–	(275)	(39)	(377)
At 31 December 2007	1,410	1,294	575	483	1,989	2,662	8,413
Additions	172	347	47	34	475	1,076	2,151
Disposals	(64)	(63)	(55)	(13)	(147)	(187)	(529)
At 31 December 2008	1,518	1,578	567	504	2,317	3,551	10,035
Accumulated depreciation							
At 1 January 2007	782	782	363	171	1,449	2,106	5,653
Depreciation charge for the year	124	85	46	46	244	291	836
Disposals	(9)	(13)	(21)	–	(274)	(29)	(346)
At 31 December 2007	897	854	388	217	1,419	2,368	6,143
Depreciation charge for the year	130	116	52	43	380	379	1,100
Disposals	(58)	(50)	(47)	(13)	(139)	(174)	(481)
At 31 December 2008	969	920	393	247	1,660	2,573	6,762
Carrying amount							
At 1 January 2007	573	471	189	312	408	457	2,410
At 31 December 2007	513	440	187	266	570	294	2,270
At 31 December 2008	549	658	174	257	657	978	3,273

notes to the financial statements (cont'd)

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

Leasehold Properties

Description/Location	Gross Floor Area (sq m)	Tenure	Group Carrying amount 2008 $'000	Group Carrying amount 2007 $'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	969	995
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 27/01/1984	278	285
HDB shop unit, located at Blk 927 Yishun Central 1 #01-173 Singapore 760927, held for use as a primary healthcare clinic	76.0	99 years commencing from 01/09/1991	657	675
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	1,348	1,384
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	1,693	1,736
HDB shop with living quarters located at Blk 177 Toa Payoh Central #01-170 Singapore 310177, held for use as a primary healthcare clinic	115.0	78 years commencing from 01/10/1992	1,059	1,085
HDB shop with living quarters located at Blk 479 Jurong West St 41 #01-266 Singapore 640479, held for use as a primary healthcare clinic	135.0	88 years commencing from 01/08/1995	567	581
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	840	861

notes to the financial statements (cont'd)

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Leasehold Properties (cont'd)

Description/Location	Gross Floor Area (sq m)	Tenure	Group Carrying amount 2008 $'000	Group Carrying amount 2007 $'000
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	127,760	130,032
			135,171	137,634

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

4 INTANGIBLE ASSETS

Group	Assignment fees $'000	Goodwill $'000	Total $'000
Cost			
At 1 January 2007	612	–	612
Arising on acquisition of business	–	152	152
At 31 December 2007 and 31 December 2008	612	152	764
Accumulated amortisation			
At 1 January 2007	406	–	406
Amortisation charge for the year	51	–	51
At 31 December 2007	457	–	457
Amortisation charge for the year	52	–	52
At 31 December 2008	509	–	509
Carrying amount			
At 1 January 2007	206	–	206
At 31 December 2007	155	152	307
At 31 December 2008	103	152	255

Company	Goodwill $'000
Cost and carrying amount	
At 1 January 2007	–
Arising on acquisition of business	152
At 31 December 2007 and 31 December 2008	152

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

notes to the financial statements (cont'd)

5 INVESTMENT PROPERTIES

	Note	Group 2008 $'000	Group 2007 $'000
At 1 January		84,400	–
Assets acquired in a business combination	20	–	84,400
At 31 December		84,400	84,400

As at 31 December 2008, investment properties are stated at directors' valuation based on independent professional valuation by DTZ Debenham Tie Leung (SEA) Pte Ltd on the basis of open market valuation.

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

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

As at 31 December 2007, the leasehold properties of the Group were pledged as security to secure bank loans. The security had been discharged by the bank during the year.

6 SUBSIDIARIES

	Company 2008 $'000	Company 2007 $'000
Investments in subsidiaries	19,692	17,863
Amounts due from subsidiaries (mainly non-trade)	177,473	184,787
	197,165	202,650

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

notes to the financial statements (cont'd)

6 SUBSIDIARIES (CONT'D)

Details of subsidiaries are as follows:

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity interest held by the Group 2008 %	2007 %
[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
[1] Raffles International Medical Assistance Pte Ltd	Provision of medical evacuation and repatriation and provision of medical advisory services (currently inactive)	Singapore	100	100
[3] Raffles Medical Management Pte Ltd	Provision of business management and consultancy services (dormant)	Singapore	100	100
[3] Raffles SurgiCentre Pte Ltd	Provision of general and specialised medical services and operation of a hospital (dormant)	Singapore	100	100
[1] Raffles Japanese Clinic Pte Ltd	Operation of medical clinics and provision of medical services	Singapore	80	80
[1] Raffles Health Pte Ltd	Trading in pharmaceutical and nutraceutical products and diagnostic equipment	Singapore	100	100
[1] Aptitude (2003) Pte Ltd	Provision of advisory and consultancy services and developing IT solutions	Singapore	100	100
[1] Raffles Medical International Pte Ltd and its subsidiary:	Investment holding	Singapore	100	100
[2] Raffles Medical Group (Hong Kong) Limited and its subsidiaries:	Operation of medical clinics and provision of medical and dental treatment services	Hong Kong	100	100

notes to the financial statements (cont'd)

6 SUBSIDIARIES (CONT'D)

Details of subsidiaries are as follows:

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity interest held by the Group 2008 %	2007 %
[2] Coors Consultants Limited	Provision of management services to medical practitioners and the trading of medicine on an indent basis	Hong Kong	100	100
[3] Medical Properties Co. Limited	Investment holding (dormant)	Hong Kong	100	–
[1] International Medical Insurers Pte Ltd	Provision of health 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	–
[3] Asian Healthcare Capital Management Pte Ltd	Investment management (dormant)	Singapore	100	–
[3] International Medical Investment Co., Ltd	Investment holding (dormant)	British Virgin Islands	100	100

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

KPMG Singapore is the auditor of all significant subsidiaries.

notes to the financial statements (cont'd)

7 DEFERRED TAX

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

Group	At 1 January 2007 $'000	Acquisition of subsidiary (note 20) $'000	Recognised in income statement (note 17) $'000	Transfer under Group Relief Scheme $'000	Exchange differences $'000	At 31 December 2007 $'000	Recognised in income statement (note 17) $'000	At 31 December 2008 $'000
Deferred tax liabilities								
Property, plant and equipment	1,689	–	(324)	–	–	1,365	283	1,648
Deferred tax assets								
Property, plant and equipment	–	(722)	314	–	–	(408)	117	(291)
Tax value of loss carry-forward	(484)	–	(137)	233	(61)	(449)	42	(407)
Tax value of unabsorbed wear and tear allowances	(1,059)	–	398	–	–	(661)	(472)	(1,133)
Other items	(394)	–	(31)	–	–	(425)	171	(254)
	(1,937)	(722)	544	233	(61)	(1,943)	(142)	(2,085)

Company	At 1 January 2007 $'000	Recognised in income statement $'000	At 31 December 2007 $'000	Recognised in income statement $'000	At 31 December 2008 $'000
Deferred tax liabilities					
Property, plant and equipment	267	(49)	218	83	301
Deferred tax assets					
Other items	(132)	35	(97)	(83)	(180)

notes to the financial statements (cont'd)

7 DEFERRED TAX (CONT'D)

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

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Deferred tax liabilities	742	737	121	121
Deferred tax assets	(1,179)	(1,315)	–	–

The following temporary differences have not been recognised:

	Group	
	2008	2007
	$'000	$'000
Tax losses	1,312	1,266

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	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Trade receivables	23,792	19,141	8,499	7,989
Allowance for doubtful receivables	(3,011)	(2,386)	(402)	(376)
Net receivables	20,781	16,755	8,097	7,613
Deposits	1,280	946	962	675
Prepayments	1,541	1,532	446	838
Loans to directors				
– Directors of subsidiaries	132	227	132	227
Staff loans	150	220	150	213
Other receivables	1,017	551	88	14
Amounts due from subsidiaries:				
– trade	–	–	1,932	307
– non–trade (see note below)	–	–	–	–
	24,901	20,231	11,807	9,887
Amounts due from subsidiaries:				
– non–trade			2,100	2,100
Allowance for doubtful receivables			(2,100)	(2,100)
Net receivables			–	–

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

notes to the financial statements (cont'd)

8 TRADE AND OTHER RECEIVABLES (CONT'D)

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

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

Impairment losses

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

	Gross 2008 $'000	Impairment losses 2008 $'000	Gross 2007 $'000	Impairment losses 2007 $'000
Group				
Not past due	9,741	–	6,822	–
Past due 0 – 30 days	4,839	–	5,001	1
Past due 31 – 365 days	7,681	1,604	6,162	1,348
More than one year	1,531	1,407	1,156	1,037
	23,792	3,011	19,141	2,386
Company				
Not past due	3,970	–	3,294	–
Past due 0 – 30 days	1,913	–	2,654	–
Past due 31 – 365 days	2,491	277	1,947	292
More than one year	125	125	94	84
	8,499	402	7,989	376

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

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
At 1 January	2,386	1,680	376	383
Impairment loss recognised	1,258	1,114	55	16
Impairment loss utilised	(633)	(408)	(29)	(23)
At 31 December	3,011	2,386	402	376

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.

notes to the financial statements (cont'd)

9 CASH AND CASH EQUIVALENTS

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Fixed deposits		42,440	16,070	30,330	6,360
Cash at bank and in hand		2,061	3,674	458	863
		44,501	19,744	30,788	7,223
Bank overdrafts (unsecured)	14	(380)	–	–	–
Cash and cash equivalents in the cash flow statement		44,121	19,744	30,788	7,223

The weighted average effective interest rates per annum relating to cash and cash equivalents, excluding bank overdrafts, at the balance sheet date for the Group and Company are 0.57% (2007: 2.14%) and 0.59% (2007: 1.85%) respectively.

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

10 SHARE CAPITAL

	Note	Group 2008 $'000	Group 2007 $'000
Fully paid ordinary shares, with no par value:			
At 1 January		515,111	412,545
Issue of bonus shares		–	42,073
Issue of ordinary shares		–	50,000
Issue of shares under share option scheme	11	2,614	10,493
		517,725	515,111

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

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

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

notes to the financial statements (cont'd)

10 SHARE CAPITAL (CONT'D)

Capital Management

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

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

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

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

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

11 EMPLOYEE SHARE OPTIONS

Equity Compensation Benefits

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

Information regarding the scheme is as follows:

RMG 2000 Scheme

(i) Subscription price:

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

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

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

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

notes to the financial statements (cont'd)

11 EMPLOYEE SHARE OPTIONS (CONT'D)

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

	Weighted average exercise price 2008 $	No. of options 2008 ('000)	Weighted average exercise price 2007 $	No. of options 2007 ('000)
At 1 January	0.618	15,927	0.526	23,238
Granted	1.240	3,300	1.150	4,062
Cancelled/lapsed	1.082	(471)	0.710	(880)
Exercised	0.497	(2,614)	0.482	(10,493)
At 31 December	0.751	16,142	0.618	15,927
Exercisable at 31 December	0.623	12,262	0.558	9,999

Options exercised in 2008 resulted in 2,614,000 ordinary shares being issued at a weighted average exercise price of $0.497 each. Options were exercised on a regular basis throughout the year. The weighted average share price during the year was $0.96 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 2008 ('000)	Options outstanding 2007 ('000)
15/02/2001	14/02/2011	0.320	1,448	1,608
08/04/2002	07/04/2012	0.230	796	1,024
31/03/2003	30/03/2008	0.160	–	400
31/03/2003	30/03/2013	0.185	730	752
01/04/2004	31/03/2009	0.300	200	337
01/04/2004	31/03/2014	0.330	1,040	1,164
01/04/2005	31/03/2010	0.400	300	360
01/04/2005	31/03/2015	0.420	1,644	2,226
03/04/2006	02/04/2011	0.680	450	580
03/04/2006	02/04/2016	0.710	3,201	3,764
02/04/2007	01/04/2012	1.140	190	240
02/04/2007	01/04/2017	1.150	3,023	3,472
01/04/2008	31/03/2013	1.240	208	–
01/04/2008	31/03/2018	1.240	2,912	–
			16,142	15,927

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.

notes to the financial statements (cont'd)

11 EMPLOYEE SHARE OPTIONS (CONT'D)

	Group	
Date of grant of options	1/4/2008 $	2/4/2007 $
Fair value of share options and assumptions		
Fair value at measurement date	$0.43	$0.25
Share price	$1.23	$1.21
Exercise price	$1.24	$1.21
Expected volatility	33.7%	28.9%
Expected option life	10 years	10 years
Expected dividend yield	1.9%	4.4%
Risk-free interest rate	2.7%	3.3%

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 RESERVES

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Currency translation reserve	(355)	(334)	–	–
Share option reserve	3,837	2,621	3,837	1,361
Accumulated profits	47,096	28,476	21,474	13,551
	50,578	30,763	25,311	14,912

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

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

notes to the financial statements (cont'd)

13 TRADE AND OTHER PAYABLES

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Trade payables and accrued operating expenses	42,408	41,012	11,352	11,077
Trade amounts due to:				
– related parties	–	46	–	46
– subsidiaries	–	–	30,469	21,728
Non–trade amounts due to subsidiaries	–	–	700	699
Deferred income	4,146	2,035	–	–
Deposits received	3,821	3,645	–	–
Other payables	1,128	978	116	447
	51,503	47,716	42,637	33,997

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

14 INTEREST–BEARING LIABILITIES

		Group		Company	
	Note	2008	2007	2008	2007
		$'000	$'000	$'000	$'000
Non–current liabilities					
Unsecured bank loans		22,000	–	–	–
Current liabilities					
Unsecured bank overdrafts	9	380	–	–	–
Unsecured bank loans		4,234	1,711	2,234	1,711
Secured bank loan		–	23,549	–	–
		4,614	25,260	2,234	1,711
Total borrowings		26,614	25,260	2,234	1,711

notes to the financial statements (cont'd)

14 INTEREST–BEARING LIABILITIES (CONT'D)

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 $'000
2008					
S$ floating rate loan	2.24	2013	24,000	–	24,000
HK$ bank overdrafts	6.18	2009	380	–	380
HK$ fixed rate term loan	3.30	2009	–	2,234	2,234
			24,380	2,234	26,614
2007					
HK$ fixed rate term loan	5.55	2008	–	1,711	1,711
Secured S$ bank loan	2.44 – 2.88	2008	–	23,549	23,549
			–	25,260	25,260
Company					
2008					
HK$ fixed rate term loan	3.30	2009	–	2,234	2,234
2007					
HK$ fixed rate term loan	5.55	2008	–	1,711	1,711

The following are the expected contractual undiscounted cash outflows of financial liabilities.

	Cash Flows		
Group	Contractual cashflows $'000	Within 1 year $'000	Within 1 to 5 years $'000
2008			
HK$ bank overdrafts	(380)	(380)	–
HK$ fixed rate term loan	(2,234)	(2,234)	–
S$ floating rate loan	(24,000)	(2,000)	(22,000)
Trade and other payables*	(47,357)	(47,357)	–
	(73,971)	(51,971)	(22,000)
2007			
HK$ fixed rate term loan	(1,711)	(1,711)	–
Secured S$ bank loan	(23,549)	(23,549)	–
Trade and other payables*	(45,681)	(45,681)	–
	(70,941)	(70,941)	–

* Excludes deferred income received.

notes to the financial statements (cont'd)

15 PROFIT FOR THE YEAR

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

	Group 2008 $'000	Group 2007 $'000
Amortisation of intangible assets	52	51
Contingent rents	–	1,031
Contributions to defined contribution plans, included in staff costs	6,033	5,372
Exchange loss / (gain)	25	(110)
Interest income from fixed deposits and commercial notes	(258)	(1,820)
Non–audit fees paid to auditors of the Company	29	38
Property, plant and equipment written–off	71	34
Allowance for doubtful receivables	1,258	1,114
Value of employee services received for issue of share options, included in staff costs	1,216	914
Gain on disposal of equity securities held for trading	(227)	(147)
Net change in fair value of equity securities held for trading	44	(43)
Dividend income	(9)	–
Share of profits in a jointly–controlled entity		
Revenue	–	15,612
Expenses	–	(2,030)
Profits before taxation	–	13,582
Taxation	–	(92)
Profit after taxation	–	13,490

16 FINANCE EXPENSES

	Group 2008 $'000	Group 2007 $'000
Interest paid and payable on:		
– bank loans	610	376
– bank overdrafts	13	–
	623	376

notes to the financial statements (cont'd)

17 INCOME TAX EXPENSE

	Group 2008 $'000	Group 2007 $'000
Current tax expense		
Current year	6,549	5,186
Deferred tax expense		
Movements in temporary differences	141	281
Over provided in prior years	–	(61)
	141	220
Share of tax of jointly–controlled entity	–	92
Income tax expense	6,690	5,498

Reconciliation of effective tax rate

	2008 $'000	2007 $'000
Profit before income tax	38,350	41,422
Tax calculated using Singapore corporate tax rate of 18%	6,903	7,456
Effect of reduction in tax rates	30	25
Expenses not deductible for tax purposes	1,110	424
Income not subject to tax	(701)	(2,378)
Tax incentives	(905)	–
Tax rebate	–	(9)
Tax effect of unrecognised tax losses	130	–
Over provided in prior years	–	(61)
Others	123	41
	6,690	5,498

notes to the financial statements (cont'd)

18 EARNINGS PER SHARE

	Group	
	2008	2007
	$'000	$'000
Basic earnings per share is based on:		
Net profit attributable to ordinary shareholders	31,547	35,863

	2008 No. of shares ('000)	2007 No. of shares ('000)
Issued ordinary shares at beginning of the year	515,111	453,800
Effect of the new placement of shares	–	25,479
Effect of share options exercised	1,751	7,970
Weighted average number of ordinary shares	516,862	487,249

	Group	
	2008	2007
	$'000	$'000
Diluted earnings per share is based on:		
Net profit attributable to ordinary shareholders	31,547	35,863

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

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

	2008 No. of shares ('000)	2007 No. of shares ('000)
Weighted average number of:		
Ordinary shares used in the calculation of basic earnings per share	516,862	487,249
Potential ordinary shares issuable under share options	7,015	8,443
Weighted average number of ordinary issued and potential shares assuming full conversion	523,877	495,692

notes to the financial statements (cont'd)

19 SEGMENT REPORTING

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

Inter-segment pricing is determined on mutually agreed terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets and expenses, interest income, interest expenses and related assets and liabilities.

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

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

The Group comprises the following main business segments:

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

19 SEGMENT REPORTING (CONT'D)

Business Segments

	Healthcare services		Hospital services		Investment holdings		Eliminations		Total operations	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue and expenses										
Revenue from external customers	80,749	69,658	119,927	98,988	93	13	–	–	200,769	168,659
Inter–segment revenue	362	75	7,830	7,329	7,805	2,858	(15,997)	(10,262)	–	–
Total revenue	81,111	69,733	127,757	106,317	7,898	2,871	(15,997)	(10,262)	200,769	168,659
Segment results	7,461	6,350	28,148	19,775	5,636	2,091	(2,272)	–	38,973	28,216
Finance costs									(623)	(376)
Share of profit in a jointly–controlled entity	–	–	–	–	–	13,582	–	–	–	13,582
Income tax expense									(6,690)	(5,498)
Profit for the year									31,660	35,924
Assets and liabilities										
Segment assets	263,111	237,976	64,295	53,830	347,275	348,285	(365,459)	(359,944)	309,222	280,147
Deferred tax assets									1,179	1,315
Total assets									310,401	281,462
Segment liabilities	64,485	50,249	33,307	32,253	204,579	210,617	(224,254)	(220,143)	78,117	72,976
Current and deferred tax liabilities									10,038	7,452
Total liabilities									88,155	80,428
Other segment information										
Capital expenditure	2,863	1,112	3,282	3,174	–	–	–	–	6,145	4,286
Depreciation of property, plant and equipment	1,454	1,136	2,702	2,894	190	190	2,272	–	6,618	4,220
Amortisation of intangible assets	–	–	–	–	52	51	–	–	52	51
Other non–cash expenses	248	110	1,081	1,038	–	–	–	–	1,329	1,148

notes to the financial statements (cont'd)

20 ACQUISITION OF A SUBSIDIARY

On 28 September 2007, the Group acquired the remaining 50% shareholdings in Raffles Hospital Properties Pte Ltd ("RHP") for $67,466,000 in cash. The company is engaged in property rental.

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

	Note	Recognised values 2007 $'000
Property, plant and equipment	3	130,600
Deferred tax assets	7	722
Investment properties	5	84,400
Trade and other receivables		66
Cash and cash equivalents		3,464
Trade and other payables		(438)
Bank loans (secured)		(83,882)
Net identifiable assets and liabilities		134,932
Interest in jointly-controlled entity		(67,466)
Cash consideration paid, satisfied in cash		67,466
Cash acquired		(3,464)
Net cash outflow		64,002

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

21 FINANCIAL RISK MANAGEMENT

Overview

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

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

Credit risk

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

notes to the financial statements (cont'd)

21 FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

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

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

Interest rate risk

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

Foreign currency risk

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

Estimation of fair values

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

Investment in securities and debt securities

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

Other financial assets and liabilities

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

notes to the financial statements (cont'd)

22 COMMITMENTS

Operating lease commitments

At 31 December 2008, the Group and the Company have commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Payable:				
Within 1 year	4,498	3,352	4,708	2,908
After 1 year but within 5 years	6,145	4,699	6,698	4,380
	10,643	8,051	11,406	7,288

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

Lease receivables

At 31 December 2008, the Group has future minimum lease and sub-lease income receivables under non-cancellable operating leases as follows:

	Group	
	2008	2007
	$'000	$'000
Receivable:		
Within 1 year	1,172	974
After 1 year but within 5 years	4,352	4,152
After 5 years	3,710	4,853
	9,234	9,979

Proposed dividends

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

	2008	2007
	$'000	$'000
Final dividend proposed of 1.5 cents (2007: 1.5 cents) per share (tax exempt)	7,766	7,727

These dividends have not been provided for.

notes to the financial statements (cont'd)

23 CONTINGENT LIABILITIES (SECURED)

As at 31 December 2007, the Company had given bank guarantees (secured) amounting to $23,549,000 in respect of credit facilities extended to a subsidiary. The bank guarantees have been fully discharged by the bank during the year.

24 KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation are as follows:

	Group	
	2008	2007
	$'000	$'000
Directors' remuneration included in staff costs:		
– Company	5,107	5,326
– Subsidiaries	1,491	2,095
Directors' fees		
– Company	110	110
– Subsidiaries	58	60
Equity compensation benefits	164	136
	6,930	7,727

25 RELATED PARTIES

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

Other related party transactions

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

	Group	
	2008	2007
	$'000	$'000
Operating lease expense	–	6,191

Transactions with key management personnel

Directors also participate in the Employee Share Option Scheme. 172,000 (2007: 200,000) 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 balance sheet date, 1,172,000 (2007: 1,650,000) of the share options granted to the directors of the Company were outstanding.

notes to the financial statements (cont'd)

26 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

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

- FRS 1 (revised 2008) *Presentation of Financial Statements*
- FRS 23 (revised 2007) *Borrowing Costs*
- Amendments to FRS 32 *Financial Instruments: Presentation and FRS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
- Amendments to FRS 39 *Financial Instruments: Recognition and Measurement – Reclassification of Financial Assets*
- Amendments to FRS 101 *First-time Adoption of FRSs and FRS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 102 *Share-based Payment – Vesting Conditions and Cancellations*
- FRS 108 *Operating Segments*
- Improvements to FRSs 2008
- INT FRS 113 *Customer Loyalty Programmes*
- INT FRS 116 *Hedges of a Net Investment in a Foreign Operation*

FRS 1 (revised 2008) *Presentation of Financial Statements* will become effective for the Group's financial statements for the year ending 31 December 2009. The revised standard requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. FRS 1 (revised 2008) does not have any impact on the Group's financial position or results.

FRS 108 will become effective for the Group's financial statements for the year ending 31 December 2009. FRS 108, which replaces FRS 14 *Segment Reporting*, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its business segments (see note 19). The segment information presented by the Group is consistent with the requirement of FRS 108.

Improvements to FRSs 2008 will become effective for the Group's financial statements for the year ending 31 December 2009, except for the amendment to FRS 105 *Non-current Assets Held For Sale and Discontinued Operations* which will become effective for the year ending 31 December 2010. Improvements to FRSs 2008 contain amendments to numerous accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments. The Group is in the process of assessing the impact of these amendments.

The initial application of these standards (including their consequential amendments) and interpretations are not expected to have any material impact on the Group's financial statements. The Group has not considered the impact of accounting standards issued after the balance sheet date.

notes to the financial statements (cont'd)

27 SUBSEQUENT EVENTS

On 22 January 2009, the Minister for Finance announced in his Budget speech that the corporate income tax rate will be reduced from 18% to 17% from the year of assessment 2010.

The tax expense for the Company and its Singapore subsidiaries within the Group for the year ended 31 December 2008 have been computed at the rate of 18%, being the corporate income tax rate in effect as at that date.

Had the latest income tax rate of 17% been used, the deferred tax expense for the Group would have decreased by $25,000. The deferred tax assets and liabilities for the Group would also have decreased by $66,000 and $41,000 respectively. The deferred tax liabilities of the Company would have decreased by $7,000.

shareholdings statistics
as at 11 March 2009

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 11 March 2009, approximately 45.93% 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	362	5.37	120,257	0.02
1,000 - 10,000	4,960	73.55	18,443,117	3.56
10,001 - 1,000,000	1,400	20.76	48,584,585	9.38
1,000,001 and above	22	0.32	450,737,434	87.04
	6,744	100.00	517,885,393	100.00

shareholdings statistics (cont'd)

as at 11 March 2009

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	Raffles Medical Holdings Pte Ltd	173,197,700	33.44
2	Loo Choon Yong	52,675,000	10.17
3	DBS Nominees Pte Ltd	32,610,130	6.30
4	DBSN Services Pte Ltd	29,249,000	5.65
5	HSBC (Singapore) Nominees Pte Ltd	27,236,900	5.26
6	United Overseas Bank Nominees Pte Ltd	25,068,070	4.84
7	V-Sciences Investments Pte Ltd	25,000,000	4.83
8	Citibank Nominees S'pore Pte Ltd	18,233,500	3.52
9	Lu Qing Hui	17,600,000	3.40
10	UOB Nominees (2006) Pte Ltd	17,000,000	3.28
11	BNP Paribas Nominees S'pore Pte Ltd	4,976,000	0.96
12	Asian Medical Foundation Ltd	4,200,000	0.81
13	Raffles Nominees Pte Ltd	4,026,100	0.78
14	Tan Tiang Lee	3,580,000	0.69
15	Yii Hee Seng	3,420,000	0.66
16	Yang Ching Yu	3,037,000	0.59
17	Kwok Wai Ling	2,543,700	0.49
18	OCBC Nominees Singapore Pte Ltd	1,984,630	0.38
19	Royal Bank Of Canada (Asia) Ltd	1,622,500	0.31
20	Morgan Stanley Asia (S) Secs Pte Ltd	1,320,400	0.25
		448,580,630	86.61

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	%	Deemed Interest	%
Dr Loo Choon Yong	52,790,000	10.19	207,181,898	40.01
Raffles Medical Holdings Pte Ltd	206,697,700	39.91		

notice of annual general meeting

NOTICE IS HEREBY GIVEN that the 20th Annual General Meeting of the Company will be held at 585 North Bridge Road, Raffles Hospital #11-00, Singapore 188770 on Wednesday, 15 April 2009 at 2.30 pm to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts for the year ended 31 December 2008 and the Reports of the Directors and the Auditors, and the Statement of Directors thereon. **(Resolution 1)**

2. To approve the payment of a tax exempt final dividend of 1.5 cents for the year ended 31 December 2008. **(Resolution 2)**

3. To approve Directors' fees ($110,000) for the year ended 31 December 2008 (2007:$110,000). **(Resolution 3)**

4. To record the retirement of Dr David McKinnon Lawrence who is retiring under Article 93 of the Articles of Association of the Company. Dr Lawrence is not offering himself for re-appointment. **(Resolution 4)**

5. To re-elect Dr Loo Choon Yong, who is retiring under Article 93 of the Articles of Association of the Company.

Dr Loo Choon Yong will, upon re-appointment as a Director of the Company, remain as a member of the Board Audit Committee and the Board Nomination and Compensation Committee. He is a Non-Independent Director and Executive Chairman of the Company. **(Resolution 5)**

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

Professor Lim Pin will, upon re-appointment as a Director of the Company, remain as a member of the Board Audit Committee and the Board Nomination and Compensation Committee. He will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. **(Resolution 6)**

7. To re-appoint KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

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

AS SPECIAL BUSINESS

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

9. Authority to allot and issue shares

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

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

notice of annual general meeting (cont'd)

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

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

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

provided that:-

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

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

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

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

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

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

(4) (unless revoked or varied by the Company in general meeting) this authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law and the Listing Manual to be held, whichever is the earlier. **(Resolution 9)**

notice of annual general meeting (cont'd)

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

That the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the provisions of the Raffles Medical Group (2000) Share Option Scheme (the "Scheme") and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of such options under the Scheme, provided that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed 15% of the total issued share capital, excluding treasury shares, of the Company from time to time. **(Resolution 10)**

11. The Proposed Renewal of Share Buy Back Mandate

That:

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

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

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

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

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

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

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

(c) in this Resolution:

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

notice of annual general meeting (cont'd)

"**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 five per cent (5%) above the Average Closing Price of the Shares, excluding related expenses of the purchase or acquisition) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Equal Access Share Buy back;

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

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

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

(ii) in the case of an off-market purchase of an Ordinary Share, more than five per cent (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 11)**

NOTICE IS ALSO HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 23 April 2009, for the preparation of dividend warrants. Duly completed transfers received by the Company's Share Registrar, M&C Services Private Limited, 138 Robinson Road, #17-00 The Corporate Office, Singapore 068906, up to the close of business at 5.00 pm on 22 April 2009 will be registered to determine shareholders' entitlements to the final dividend. The proposed dividend, if approved at the Annual General Meeting, will be paid on 6 May 2009.

BY ORDER OF THE BOARD

Tay Kim Choon Kimmy
Sok Lee Chandran
Company Secretaries

Singapore, 26 March 2008

notice of annual general meeting (cont'd)

Explanatory Note:

Ordinary Resolution 9 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to allot and issue shares and convertible securities in the Company up to an amount not exceeding in total 50% (or 100%, in the event of a pro-rata renounceable rights issue) of the issued share capital of the Company 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 issued share capital of the Company for the time being.

Notes:

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

A proxy need not be a member of the Company.

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

proxy form

RAFFLES MEDICAL GROUP LTD
Company Registration No. 198901967K

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

I/We ____

of ____

being a member/members of the above mentioned Company hereby appoint -

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

Add/or (delete as appropriate)

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, and if necessary, to demand a poll, at the Annual General Meeting of the Company to be held on Wednesday 15 April 2009 at 2.30 pm 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 the manner of voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion.

No.	RESOLUTIONS	To be used on a show of hands		To be used in the event of a poll	
		For*	Against*	For**	Against**
	ORDINARY BUSINESS				
1.	Adoption of Report and Accounts				
2.	Declaration of Final Dividend				
3.	Approval of Directors' Fees				
4.	Retirement of Dr David McKinnon Lawrence in accordance with Article 93 of the Articles of Association of the Company				
5.	Re-election of Dr Loo Choon Yong in accordance with Article 93 of the Articles of Association of the Company				
6.	Re-election of Professor Lim Pin retiring under Section 153(6) of the Companies Act				
7.	Re-appointment of KPMG as Auditors				
8.	To transact any other business				
	SPECIAL BUSINESS				
9.	Authority to allot and issue shares				
10.	Authority to allot and issue shares under the Raffles Medical Group (2000) Share Option Scheme				
11.	Renewal of the Share Buy Back Mandate				

* 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 as appropriate.

Dated this ____________ day of _______________ 2009

Total Number of Shares Held	

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

Fold this Flap for Sealing

Affix
Stamp
Here
Please

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

2nd Fold Here

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

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

A corporation which is a member may authorise by a resolution of its directors or other governing body such person as it thinks fit to act as its representative at the 20th Annual General Meeting, in accordance with Section 161 of the Companies Act (Cap. 50) of Singapore.

3rd Fold Here

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

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

585 North Bridge Road
Raffles Hospital #11-00
Singapore 188770
tel: +65 6311 1111
fax: +65 6338 1318

company registration no.: 198901967K

RafflesMedicalGroup

www.rafflesmedicalgroup.com