RafflesMedicalGroup

Breaking New Ground

Annual Report 2014

Vision

WE ASPIRE TO BE YOUR LIFETIME HEALTHCARE PARTNER

Core Values

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

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

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

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

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

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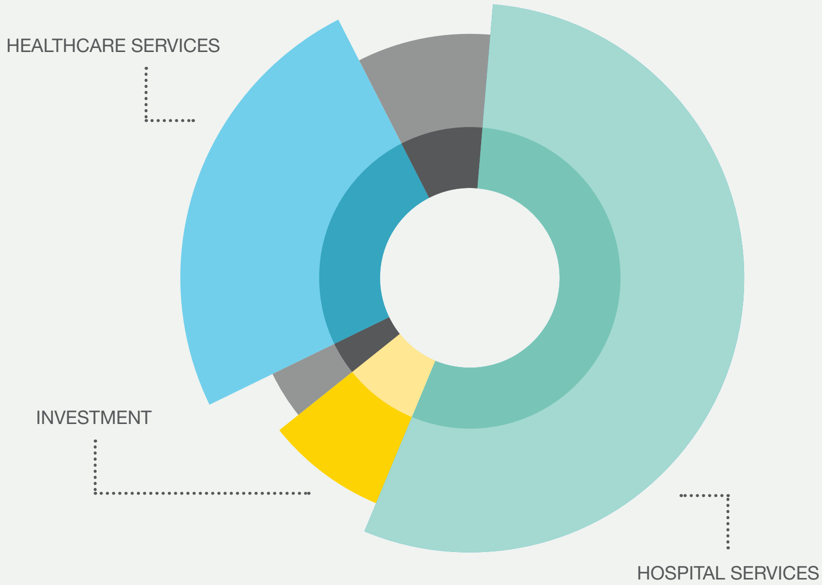
From left to right: Staff Nurse Hafizah Binte Hassan, Deputy Medical Director Dr Michael Wong, Corporate Services Executive Eugene Koh, Medical Oncologist Dr Lynette Ngo and Principal Radiographer Ajith A V.

Financial Highlights



REVENUE CONTRIBUTION BY SEGMENT

HOSPITAL SERVICES

62%

HEALTHCARE SERVICES

34%

INVESTMENT

4%

2014 PERFORMANCE AT A GLANCE

HEALTHCARE SERVICES DIVISION

↑ **12.5%**

Revenue from Healthcare Services Division grew 12.5% to $140.1 million

HOSPITAL SERVICES DIVISION

↑ **8.4%**

Revenue from Hospital Services grew 8.4% to $250.8 million

GROUP REVENUE

↑ **9.9%**

Group achieved 9.9% growth in revenue to $374.6 million

PROFIT BEFORE TAX*

↑ **8.6%**

Profit before tax grew by 8.6% to $81.3 million

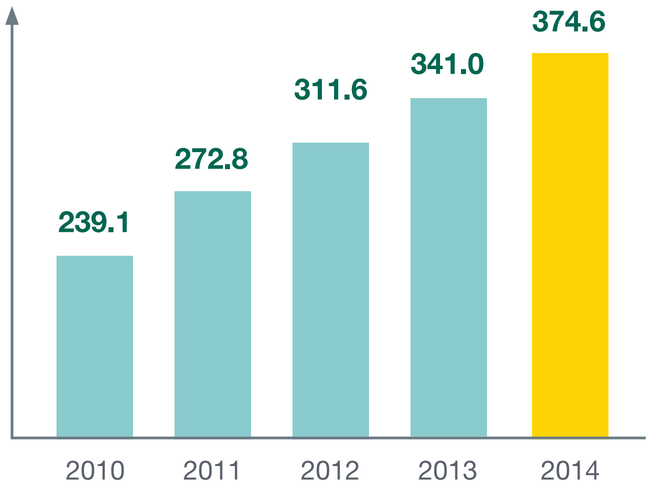
OPERATING PROFIT*

↑ **8.6%**

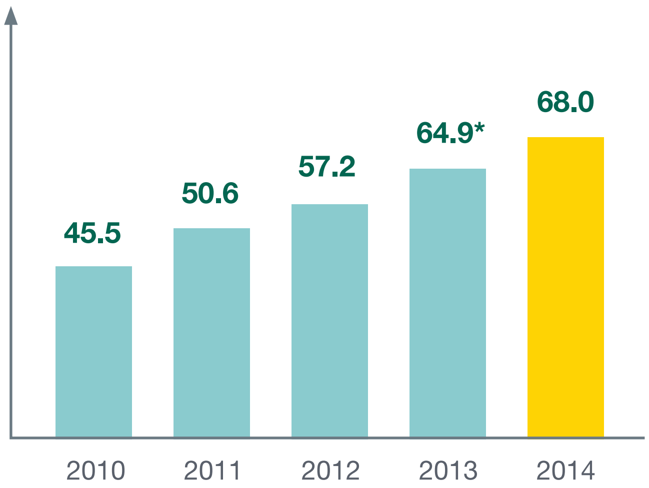
Operating profit grew by 8.6% to $80.3 million

*Excluding the gain on disposal of a subsidiary in 2013.

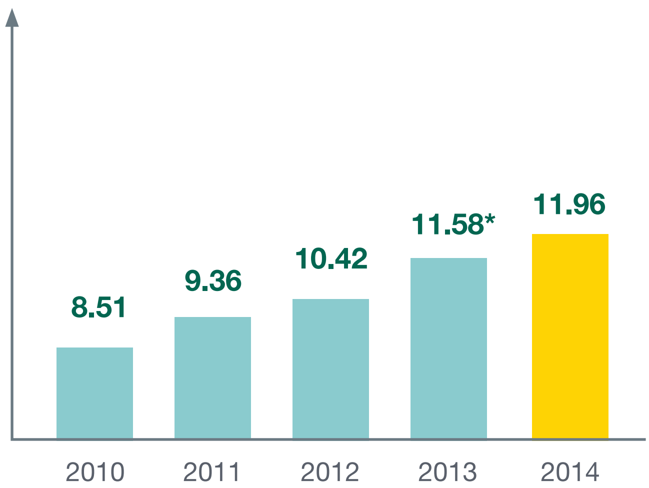
GROUP REVENUE ($'M)



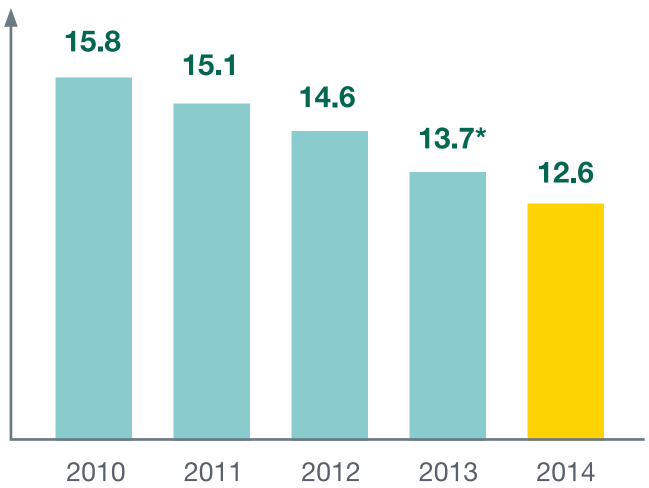
GROUP PROFIT AFTER TAX ($'M)



EARNINGS PER SHARE (CENTS)



RETURN ON EQUITY (%)



FINANCIAL SUMMARY

	2010 $'000	2011 $'000	2012 $'000	2013 $'000	2014 $'000
Revenue	239,123	272,783	311,633	340,989	374,641
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	59,955	66,750	74,258	82,207*	89,973
Operating Profit	52,969	59,510	66,355	73,939*	80,327
Profit Before Tax	53,096	59,440	66,585	74,850*	81,281
Profit After Tax	45,482	50,621	57,209	64,907*	67,962
Diluted Earnings per Share (cents)	8.51	9.36	10.42	11.58*	11.96
Net Asset Value per Share (cents)	54.46	62.51	71.29	85.31	95.50
Return on Equity (%)	15.8	15.1	14.6	13.7*	12.6

*Excluding the gain on disposal of a subsidiary in 2013.

Breaking Boundaries, Touching Lives

Our goal to be your lifetime healthcare partner extends beyond brick and mortar. The extension to our flagship hospital and expansion of our existing clinic network will give us capacity to better serve all our patients, both young and old.

An elderly patient expresses her appreciation to the nurse for the care extended to her.

Chairman's Message

"We are grateful to the Raffles team of 290 multispecialty physicians, 660 nurses and allied healthcare professionals, 70 healthcare managers and 825 ancillary and support staff for serving all our patients professionally and compassionately, as we would our loved ones."

DEAR SHAREHOLDERS

2014 was another good year for the Group. We achieved a record revenue of $374.6 million registering a growth of 9.9% over the previous year. We reported a profit after tax of $68.0 million. All divisions of the Group contributed to this outstanding performance. We have grown continuously since we were founded 38 years ago.

RAFFLES HOSPITAL EXTENSION

The Minister for Health, Mr Gan Kim Yong officiated at the ground breaking ceremony on 1 December 2014 for the Raffles Hospital Extension. The 220,000 square feet extension will enable the Group to provide more hospital beds and clinic space as well as facilities for teaching and research. The Minister also announced the Emergency Care Collaboration between Raffles Hospital and the Ministry of Health, whereby Singapore Civil Defence Force's ambulances will bring patients to Raffles Hospital for emergency treatment, at the same subsidised rates as at the other government hospitals. We are honoured to be able to contribute to the national effort to provide adequate care for all our citizens.

Additional space will enable the Group to expand its training and research activities under Raffles Healthcare Institute and Raffles Research Labs respectively. The extension is expected to be ready by first quarter of 2017.

EXPANSION OF SERVICES

The Hospital opened its Raffles Nuclear Medicine Centre in July 2014. The new centre boasts the state-of-the-art Siemens Positron Emission Tomography (PET) scanner, the first such installation in Southeast Asia, and the top of the line Siemens Skyra 3T Magnetic Resonance Imaging (MRI) scanner. The Centre will enhance the hospital's cancer diagnostics and treatment capability and concurrently increase its capacity for advanced imaging modalities.

The hospital, medical and dental practices continue to expand, adding to the Group's breadth and depth of expertise and services to serve all our patients better.

In Singapore, Hong Kong and Shanghai, the Group continues to be appointed by more corporations to provide comprehensive healthcare to their staff and dependents.

RAFFLES HOLLAND V

The Group's project in Holland Village is progressing well and is expected to be completed by first quarter 2016. Raffles Holland V with its own car parks will host a Raffles Medical Centre, DBS Bank branch, renowned retail shops, restaurants, cafes and wine bars. Raffles Holland V is expected to be a landmark in that part of Singapore.

REGIONAL GROWTH

The Group continues to progress its projects in China and is thoughtfully evaluating various other opportunities in the region. The strong demand in Asia for reliable, good quality healthcare will enable the Group to continue to grow into the future.

CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate citizen, the Group and our staff continue to contribute towards various causes deserving of our support. In particular the Group supports the work of the Asian Medical Foundation, a healthcare charity founded by the staff of the Group.

APPRECIATION

We are grateful to the Raffles team of 290 multispecialty physicians, 660 nurses and allied healthcare professionals, 70 healthcare managers and 825 ancillary and support staff for serving all our patients professionally and compassionately, as we would our loved ones. They have done us proud.

We also deeply appreciate the support and guidance of our Board of Directors. Through the frequent interactions with the senior management, they provided valuable guidance on strategic as well as business matters, keeping us focused and disciplined. In the year, we welcome Mr Olivier Lim back on to the Board. We look forward to his contributions and guidance.

DR LOO CHOON YONG
Executive Chairman

Board of Directors

1. DR LOO CHOON YONG

Executive Chairman and Co-Founder

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

In the area of public service, Dr Loo was appointed by the President of Singapore, since 2006, as the Non-Resident Ambassador to the Italian Republic. He was also appointed Chairman of JTC Corporation, Singapore's leading industrial infrastructure specialist, to spearhead the planning, promotion and development of a dynamic industrial landscape from January 2013. He was previously the Chairman of Sentosa Development Corporation and Sentosa Golf Club.

Dr Loo was a Nominated Member of Parliament from 2005 to 2006 and again from 2007 to 2009. He was a member of the Board of Trustees of Singapore Management University (SMU) from 2000 to January 2014. He was also previously the Deputy Chairman of the Action Committee for Entrepreneurship (ACE), a public-private collaboration to promote entrepreneurship in Singapore, a member of the Government Economic Review Committee (ERC) from 2001 to 2003 and Chairman of ERC's Healthcare Services Working Group (HSWG).

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

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

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

In February 2015, Dr Loo received the SG50 Outstanding Chinese Business Pioneers Award from Singapore Chinese Chamber of Commerce & Industry. In April 2013, he was named Businessman of the Year 2012 at the Singapore Business Awards, jointly organised by The Business Times and DHL. In May 2010, Dr Loo was named Best Chief Executive Officer in the mid-cap category of the Singapore Corporate Awards organised by The Business Times and supported by the Singapore Stock Exchange.

2. MR KOH POH TIONG

Lead Independent Director

Mr Koh Poh Tiong is currently the Non-Executive Chairman and Senior Advisor of Ezra Holdings Limited. He was appointed Advisor and Non-Executive and Non-Independent Director to the Board of Fraser & Neave Limited in April 2013, after retiring as Chief Executive Officer (CEO) of Fraser & Neave Limited (Food & Beverage Division) at the end of September 2011, and served as CEO of Asia Pacific Breweries from 1993 to 2008. Mr Koh continues to serve as Chairman of Times Publishing Limited and as a Director at The Great Eastern Life Assurance Company Limited, SATS Ltd, United Engineers Limited and Petra Foods Limited.

Mr Koh is currently the Chairman of National Kidney Foundation and Council Chairman of the Singapore Kindness Movement. He was previously the Chairman of the Agri-Food & Veterinary Authority and Director at Wildlife Reserves Singapore Pte Ltd, Jurong Bird Park Pte Ltd and Media Corporation of Singapore Pte Ltd.

Mr Koh is noted for his strong civic involvement and his long-standing interest in sports and education. He has served on the Singapore Youth Olympic Games Organising Committee, the Singapore Sports Council and the Football Association of Singapore, as well as on the MBA Advisory Board of the Nanyang Technological University. For his contribution to society and business, Mr Koh was conferred both the Public Service Medal and the Service to Education Medal in 2007. He was also named Outstanding Chief Executive of the Year at the Singapore Business Awards 1998 jointly organised by The Business Times and DHL. Mr Koh was also conferred the Public Service Star Award in 2013 for his contribution as Chairman of the Singapore Kindness Movement.

He joined the Board on 3 October 2011.

3. MR KEE TECK KOON

Chairman of Audit Committee and Independent Director

Mr Kee Teck Koon is currently a Non-Executive Director of CapitaLand Limited. He is also the Non-Executive Chairman of Changi Airports International Pte Ltd and Alexandra Health Fund Limited. He also holds directorship positions in NTUC Enterprise Co-operative Limited, Wildlife Reserves Singapore Pte Ltd, NTUC Income Insurance Co-operative Limited and Mandai Safari Park Holdings.

Mr Kee was previously the Non-Executive Chairman of CapitaCommercial Trust Management Limited (the Manager of SGX-ST listed CapitaCommercial Trust). He also held several senior appointments within the CapitaLand Group including Chief Investment Officer of CapitaLand Limited (CapitaLand) and was responsible for overseeing the CapitaLand Group's Financial, Commercial and Retail businesses between April 2003 and January 2007.

Prior to that, Mr Kee was the Managing Director and Chief Executive Officer of The Ascott Limited, the Managing Director and Chief Executive Officer of Somerset Holdings Limited, an Executive Vice President at Pidemco Land Limited, and had also held senior management appointments with several other organisations. He started his career in 1979 with the Singapore Armed Forces and the Ministry of Defence where he remained until 1991.

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

He joined the Board on 3 January 2012.

4. DR WEE BENG GEOK

Chairman of Nomination & Compensation Committee and Independent Director

Dr Wee Beng Geok is currently Advisor, Nanyang Business School, Nanyang Technological University. Since 2000, she has been Director of the Asian Business Case Centre at the Nanyang Business School, and was also Associate Professor, Strategy and Organisation. 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.

5. MR TAN SOO NAN

Non-Independent Director

Mr Tan Soo Nan serves on the Boards of public listed and private companies including Raffles Health Insurance Pte Ltd, OSIM International Ltd and Singapore Mercantile Exchange Pte Ltd (now known as ICE Futures Singapore Pte Ltd). He also sits on several not-for-profit committees including holding the post of Vice-President of the Football Association of Singapore.

Mr Tan was formerly the Chief Executive of Singapore Totalisator Board, and the Chief Executive Officer of Singapore Pools (Private) Limited. He had also previously held the positions of Chief Executive Officer of Temasek Capital (Private) Limited and Senior Managing Director of DBS Bank, and has had over 29 years of experience in the banking industry.

He joined the Board on 28 July 2000.

6. PROFESSOR LIM PIN

Independent Director

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

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

He joined the Board on 19 February 2001.

7. MR RAYMOND LIM SIANG KEAT

Independent Director

Mr Raymond Lim is Chairman of APS Asset Management and Senior Advisor to the Swire Group. He is also a director of several companies including GIC Pte Ltd, Hong Leong Finance Ltd and Insurance Australia Group Limited (IAG).

A Member of the Singapore Parliament since 2001, Mr Lim has held various ministerial appointments in the Singapore Government including Foreign Affairs, Trade & Industry, Entrepreneurship, Finance and Transport from December 2001 to May 2011.

Prior to entering politics in 2001, Mr Lim held various senior positions in the financial industry including being the Managing Director of Temasek Holdings, Chief Executive Officer of DBS Securities and Group Chief Economist of ABN AMRO Asia Securities.

A Rhodes and Colombo Plan scholar, Mr Lim has degrees in economics and law from the Universities of Adelaide, Oxford and Cambridge. He is an adjunct professor at the Lee Kuan Yew School of Public Policy, National University of Singapore and advisory board member of the Institute of Societal Leadership, Singapore Management University.

He joined the Board on 25 April 2013.

8. MR OLIVIER LIM TSE GHOW

Non-Independent Director

Mr Lim has more than 24 years of experience mainly in real estate, banking, corporate finance, capital management, strategy and mergers & acquisitions. During his 11 years at CapitaLand (2003 - 2014), he held various roles including Group Deputy Chief Executive Officer, Group Chief Financial Officer (CFO) and Group Chief Investment Officer. He left CapitaLand in September 2014. Before CapitaLand, Mr Lim spent 13 years at Citibank (1989 - 2003) primarily in the corporate banking and investment banking businesses. His last position at Citibank Singapore was as Head of the Real Estate Unit in the corporate banking division.

Currently, Mr Lim is Chairman of the Boards of Frasers Australand Pty Ltd and Certis CISCO Security Pte Ltd and is a board member of Banyan Tree Holdings Limited and JTC Corporation. He is also a member of the Board of Trustees of Singapore Management University (SMU) and Advisory Board of the Institute for Societal Leadership at SMU, a member of the Board of Governors of Northlight School, and a non-executive director of the Anglo Chinese Schools Foundation.

Mr Lim has previously served as Non-Executive Chairman of ASX listed Australand Holdings Limited, Chairman of the Advisory Council of the Singapore CFO Institute and Chairman of Mount Faber Leisure Group. He has also held directorships in several SGX listed companies, as well as served on the boards of Sentosa Development Corporation and the Accounting and Corporate Regulatory Authority (ACRA).

As Group CFO of CapitaLand, Mr Lim was named CFO of the Year (for firms with a market capitalisation of S$500 million and above) in the Business Times Singapore Corporate Awards 2007.

Mr Lim holds a First Class Honours degree in Civil Engineering from the Imperial College of Science, Technology and Medicine in the United Kingdom.

Mr Lim was a member of the Board from 1 October 2009 to 28 June 2013. He re-joined the Board on 1 October 2014.

Further Information on Board of Directors

Information as at 31 December 2014

DR LOO CHOON YONG, 65
Executive Chairman and Non-Independent Director

Academic and Professional Qualifications:

- Bachelor of Medicine and Bachelor of Surgery, University of Singapore
- Diplomate Member, The College of General Practitioners (Singapore)
- Diploma in Cardiac Medicine, University of London
- Bachelor of Law (Honours), University of London
- Barrister, Middle Temple

Board committee(s) served on:

- Nomination & Compensation Committee *(Member)*

Current Directorships in Listed Companies

1) Raffles Medical Group Ltd
(Executive Chairman and Non-Independent Director)

Other Major Appointments

1. Ministry of Foreign Affairs
(Non-Resident Ambassador to the Italian Republic)
2. JTC Corporation *(Chairman)*
3. Asian Medical Foundation Ltd *(Chairman)*

Directorships in Other Listed Companies held over the preceding three years (1 Jan 2012 to 31 Dec 2014)

1. CapitaMalls Asia Limited *(Lead Independent Director)*

MR KOH POH TIONG, 68
Lead Independent Director

Academic and Professional Qualifications:

- Bachelor of Science (Singapore)

Board committee(s) served on:

- Audit Committee *(Member)*
- Nomination & Compensation Committee *(Member)*

Current Directorships in Listed Companies

1. Raffles Medical Group Ltd
(Non-Executive and Lead Independent Director)
2. Ezra Holdings Limited
(Non-Executive Chairman and Senior Advisor)
3. Fraser & Neave Limited
(Non-Executive and Non-Independent Director and Advisor)
4. SATS Ltd *(Director)*
5. United Engineers Ltd *(Director)*
6. Petra Foods Limited *(Director)*

Other Major Appointments

1. Singapore Kindness Movement *(Chairman)*
2. National Kidney Foundation *(Chairman)*
3. Times Publishing Limited *(Chairman)*
4. The Great Eastern Life Assurance Company Limited *(Director)*
5. Ministry of Trade and Industry Evaluation Panel *(Member)*

Directorships in Other Listed Companies held over the preceding three years (1 Jan 2012 to 31 Dec 2014)

- Nil

MR KEE TECK KOON, 58
Independent Director

Academic and Professional Qualifications:

- Bachelor of Arts (Oxford)
- Master of Arts in Engineering Science, University of Oxford (United Kingdom)

Board committee(s) served on:

- Audit Committee *(Chairman)*

Current Directorships in Listed Companies

1. Raffles Medical Group Ltd *(Non-Executive and Independent Director)*
2. CapitaLand Limited *(Non-Executive Director)*

Other Major Appointments

1. Changi Airports International Pte Ltd *(Non-Executive Chairman)*
2. Alexandra Health Endowment Fund
(Non-Executive Chairman of Board of Trustees)
3. NTUC Enterprise Co-operative Limited *(Non-Executive Director)*
4. Ascendas Pte Ltd *(Non-Executive Director)*
5. Wildlife Reserves Singapore Pte Ltd *(Non-Executive Director)*
6. NTUC Income Insurance Co-operative Limited *(Non-Executive Director)*
7. Alexandra Health Fund Limited *(Non-Executive Chairman)*

Directorships in Other Listed Companies held over the preceding three years (1 Jan 2012 to 31 Dec 2014)

1. CapitaMall Trust Management Limited *(Non-Executive Director)*
2. CapitaMalls Malaysia REIT Management Sdn Bhd
(Non-Executive Chairman and Non-Executive Director)
3. CapitaCommerical Trust Management Limtied
(Non-Executive Chairman and Non-Executive Director)

DR WEE BENG GEOK, 66
Independent Director

Academic and Professional Qualifications:

- PhD in Management Systems & Sciences (Hull)
- MBA, Cranfield Institute of Technology
- Bachelor of Business Administration (Singapore)

Board committee(s) served on:

- Nomination & Compensation Committee *(Chairman)*

Current Directorships in Listed Companies

1. Raffles Medical Group Ltd
(Non-Executive and Independent Director)

Other Major Appointments

1. Nanyang Business School, Nanyang Technological University
(Director, Asian Business Case Centre at Nanyang Business School)

Directorships in Other Listed Companies held over the preceding three years (1 Jan 2012 to 31 Dec 2014)

- Nil

MR TAN SOO NAN, 66
Non-Independent Director*

Academic and Professional Qualifications:

- Bachelor of Business Administration (Honours) (Singapore)
- Associate of The Chartered Institute of Bankers
- Program for Management Development, Harvard Business School

Board committee(s) served on:

- Audit Committee *(Member)**

Current Directorships in Listed Companies

1. Raffles Medical Group Ltd *(Non-Executive and Non-Independent Director)**
2. OSIM International Ltd *(Director)*

Other Major Appointments

1. Raffles Health Insurance Pte Ltd *(Director)*
2. Singapore Pools (Private) Limited *(Director)*
3. Selegie Management Pte Ltd *(Director)*
4. ICE Futures Singapore Pte Ltd *(Director)*
5. ICE Clear Singapore Pte Ltd *(Director)*
6. ICE Singapore Holdings Pte Ltd *(Director)*
7. Woh Hup Trust *(Director)*
8. Temasek Education Foundation CLG Limited *(Director)*

Directorships in Other Listed Companies held over the preceding three years (1 Jan 2012 to 31 Dec 2014)

- Nil

* *Mr Tan Soo Nan was re-designated as an Executive and Non-Independent Director on 26 January 2015. As a consequence of his re-designation, Mr Tan ceased to be a member of the Audit Committee with effect from the same date.*

PROFESSOR LIM PIN, 78
Independent Director

Academic and Professional Qualifications:

- MBBChir (Cambridge), MA (Cambridge), MD (Cambridge), FAM, FRCP (London), FRACP, FRCPE, FACP

Board committee(s) served on:

- Nomination & Compensation Committee *(Member)*

Current Directorships in Listed Companies

1. Raffles Medical Group Ltd *(Non-Executive and Independent Director)*

Other Major Appointments

1. Singapore Millennium Foundation Ltd *(Chairman)*
2. Special Needs Trust Company Limited *(Chairman)*
3. Singapore-MIT Alliance for Research and Technology (SMART) *(Co-Chairman)*
4. Ang Mo Kio Community Hospital Board of Trustees *(Chairman)*
5. ETH Singapore SEC Ltd *(Co-Chairman)*
6. TUM CREATE Ltd *(Co-Chairman)*
7. Berkeley Education Alliance for Research in Singapore (BEARS) *(Co-Chairman)*
8. Cambridge Centre for Advanced Research in Energy Efficiency in Singapore Ltd (CARES) *(Co-Chairman)*

Directorships in Other Listed Companies held over the preceding three years (1 Jan 2012 to 31 Dec 2014)

- Nil

MR RAYMOND LIM SIANG KEAT, 55
Independent Director

Academic and Professional Qualifications:

- Bachelor of Economics (First Class Honours), University of Adelaide
- Bachelor of Arts in Jurisprudence, Balliol College (Oxford)
- Master of Law (First Class Honours), King's College (Cambridge)

Board committee(s) served on:

- Audit Committee *(Member)*

Current Directorships in Listed Companies

1. Raffles Medical Group Ltd *(Non-Executive and Independent Director)*
2. Insurance Australia Group Limited *(Non-Executive and Independent Director)*
3. Hong Leong Finance Ltd *(Non-Executive and Independent Director)*
4. Swire Properties Ltd *(Non-Executive Director)*

Other Major Appointments

1. GIC Pte Ltd *(Non-Executive and Independent Director)*
2. APS Asset Management Pte Ltd *(Chairman)*
3. John Swire & Sons (S.E. Asia) Pte Limited *(Senior Advisor)*
4. IAG Re Australia Limited *(Non-Executive and Independent Director)*

Directorships in Other Listed Companies held over the preceding three years (1 Jan 2012 to 31 Dec 2014)

1. Dart Energy Limited *(Non-Executive and Independent Director)*

MR OLIVIER LIM TSE GHOW, 50
Non-Independent Director

Academic and Professional Qualifications:

- Bachelor of Engineering (Civil) (First Class Honours) Imperial College (London)

Board committee(s) served on:

- Nil

Current Directorships in Listed Companies

1. Raffles Medical Group Ltd *(Non-Executive and Non-Independent Director)*
2. Banyan Tree Holdings Limited *(Non-Executive Director)*

Other Major Appointments

1. Frasers Australand Pty Ltd *(Non-Executive Director & Chairman)*
2. Certis CISCO Security Pte Ltd *(Non-Executive Director)*

Directorships in Other Listed Companies held over the preceding three years (1 Jan 2012 to 31 Dec 2014)

1. CapitaMall Trust Management Limited *(Non-Executive Director)*
2. Australand Holdings Limited *(Non-Executive Director & Chairman)*
3. CapitaCommercial Trust Management Limited *(Non-Executive Director)*
4. CapitaMalls Asia Limited *(Non-Executive Director)*
5. Neptune Orient Lines Limited *(Non-Executive Director)*

Senior Management

Seated (left to right): Ms Mae Lim, Mr Soon Hong Teck, Mrs Kimmy Goh, Dr Loo Choon Yong, Dr Joseph Soon and Ms Sharen Tan.
Standing (left to right): Mr Teo Kah Ling, Dr Kenneth Wu, Mr Danny Yap, Dr Prem Kumar Nair and Mr Lawrence Lim.

DR LOO CHOON YONG

Executive Chairman and Co-Founder, Raffles Medical Group

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

Dr Loo was appointed by the President of Singapore as the Non-Resident Ambassador to the Italian Republic from 2006. He was previously the Lead Independent Director of CapitaMalls Asia Limited.

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

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

He was awarded the Best Chief Executive Officer (mid-cap category) of the Singapore Corporate Awards 2010 organised by The Business Times and supported by the Singapore Stock Exchange. Dr Loo was named Businessman of the Year at the Singapore Business Awards 2013, organised by The Business Times and DHL Express Singapore. He was also awarded the SG50 Outstanding Chinese Business Pioneers Award organised by the Singapore Chinese Chamber of Commerce & Industry in February 2015.

DR PREM KUMAR NAIR

Chief Corporate Officer, Raffles Medical Group
General Manager, Raffles Hospital

Dr Prem Kumar Nair is the Chief Corporate Officer of Raffles Medical Group, and the General Manager of Raffles Hospital.

Prior to this, he held various senior management positions in the Group in areas such as primary care operations, corporate marketing, business development and talent management. He was with the Ministry of Health before joining Raffles Medical Group in July 1991.

Dr Nair is a physician by training and he graduated with a Master in Business Administration from Manchester Business School.

MR LAWRENCE LIM

Director, Corporate Development, Raffles Medical Group

Mr Lawrence Lim is the Director of Corporate Development responsible for healthcare facility and institutional development projects. He was the General Manager of Raffles Hospital for a period of 10 years from its inception in 2000 to 2012. During this period, he held concurrent responsibilities for managing the network of family medicine and dental clinics and providing consultancy for overseas healthcare projects.

He has 32 years of experience in the healthcare industry. He started in the Ministry of Health as the Director of Development responsible for policy developments for the Medisave Scheme and health facility development. Prior to joining Raffles Medical Group, Mr Lim was the Chief Executive Officer of the Singapore General Hospital from 1992 to 2000, and Chief Executive Officer responsible for restructuring the Toa Payoh Hospital from 1990 to 1992.

Mr Lim graduated from the University of Birmingham in 1977 with a Bachelor of Social Science in Mathematical Economics (1st Class Honours). He obtained a Master of Science in Management in 1988 from Stanford University's Graduate School of Business, and attended the Advanced Management Program at the Harvard Business School in 1995.

MRS KIMMY GOH

Group Financial Controller / Company Secretary
Raffles Medical Group

Mrs Kimmy Goh joined Raffles Medical Group in 1992 and holds the responsibilities of Group Financial Controller since 2005 and was appointed Company Secretary in 2007.

She is responsible for the Group's financial strategy & management, taxation, treasury and corporate secretarial functions. She is also involved in corporate planning and investor relations of the Group.

Prior to joining the Group, she had eight years of audit experience with two international public accounting firms.

Mrs Goh is a Chartered Accountant of Singapore of the Institute of Singapore Chartered Accountants (ISCA) and is a Fellow of the Association of Chartered Certified Accountants (ACCA).

DR KENNETH WU

General Manager, Raffles Hospital

Dr Kenneth Wu is a General Manager of Raffles Hospital and is responsible for the operations and facilities management of the hospital.

Since joining the Group in 1997, he has progressed through both clinical and operational management roles across the Group garnering experience and expertise for his current portfolio.

Dr Wu graduated with a MBBS (Bachelor of Medicine, Bachelor of Surgery) from the National University of Singapore in 1989 and obtained his GDFM (Graduate Diploma Family Medicine) from the National University of Singapore in 2007.

DR JOSEPH SOON

General Manager, Raffles Medical & Raffles Dental

Dr Joseph Soon is the General Manager for Raffles Medical & Raffles Dental.

He previously held the position of Director, Projects Office in the National Healthcare Group; Director, Corporate Development at the Institute of Mental Health and Director, Dental Division at National Healthcare Group (NHG) Polyclinics concurrently until he joined Raffles Medical Group in April 2011. Prior to those appointments, Dr Soon was the Head of the Strategic Planning Office in NHG Polyclinics as well as the General Manager for the Singapore Footcare Centre.

Dr Soon received his professional training as a Dental Surgeon at the National University of Singapore. He obtained a Graduate Diploma in Business Administration from the University of Leicester and was later awarded a scholarship from the NHG Polyclinics to further his management training through the Executive Development Program at the Wharton School, University of Pennsylvania.

MR DANNY YAP

General Manager, Raffles Health Insurance

Mr Danny Yap is the Principal Officer & General Manager of Raffles Health Insurance. He has been with the company since March 2012. He is responsible for the day to day development and implementation of the health insurance business activities. He provides leadership to drive growth and profitability in the business and is responsible for the conduct of business and ensures compliance with the insurance laws and regulations for the Group.

He has more than 27 years of experience in the insurance industry, having held senior management positions with various organisations including the General Manager for HSBC Insurance (Singapore) Pte. Ltd and the Chief Marketing Officer for AXA Life Singapore Pte Ltd.

Mr Yap has an economics degree from Macquarie University, Australia.

MR TEO KAH LING

Director, Information Technology, Raffles Medical Group

Mr Teo Kah Ling is the Director of Information Technology (IT) of Raffles Medical Group. He is a veteran with 12 years of experience in the healthcare industry.

He previously held the position of Head Systems Services and Principal Enterprise Architect of Integrated Health Information Systems. During his time with Integrated Health Information Systems, he was responsible for all IT Infrastructure related projects for the National Healthcare Group of Hospitals.

Mr Teo graduated from the National University of Singapore with a Bachelor of Science (Computer and Information Science) in 1991. He also has a Master of Business Administration from the University of Leicester and a Master of Science (Artificial Intelligence) from the University of Leeds.

MR SOON HONG TECK

Group Financial Controller, Raffles Medical Group

Mr Soon Hong Teck joined Raffles Medical Group in January 2014 as Director, Finance & Administration and was appointed in July 2014 as Group Financial Controller overseeing Raffles Medical & Raffles Dental.

He is responsible for the financial strategy & management, treasury, taxation for clinic operations in Singapore, Hong Kong and China as well as business development activities of the Group in Greater China. He has over 20 years of experience in various accounting, finance management and business advisory functions across a broad spectrum of electronic manufacturing industries.

Mr Soon holds a Bachelor Degree in Accountancy from the National University of Singapore. He is a Chartered Accountant of Singapore of the Institute of Singapore Chartered Accountants (ISCA) and a member of the Association of Chartered Certified Accountants (ACCA).

MS SHAREN TAN

Director, Human Resource, Raffles Medical Group

Ms Sharen Tan joined Raffles Medical Group in August 2014 as Director, Human Resource.

She provides leadership and management of the Human Resources function to effectively support all business units in overall HR needs such as Strategic HR, Staffing, Learning and Development, Employee Engagement and Compensation.

Prior to joining the organisation, she had 15 years of diverse HR management and development experience in both multinational organisations and the public healthcare sector. Sharen holds a Master of Human Resource Management (HRM) degree from University of Rutgers, New Jersey.

MS MAE LIM

Director, Corporate Finance, Raffles Medical Group

Ms Mae Lim joined Raffles Medical Group as Director of Corporate Finance in September 2014. She is responsible for the Group's business development, corporate finance and investor relations activities.

She has more than 15 years of experience in corporate finance and direct investments. She started her career in investment banking with ABN AMRO, where she was involved in multiple advisory assignments, ranging from equity and debt capital markets solutions to strategic advice such as private investments and mergers and acquisitions. Prior to joining Raffles Medical Group, Ms Lim was with Temasek Holdings (Private) Limited where she last held the position of Director in the Financial Institutions investment team, and was responsible for investments in the global financial sector including banks, insurers and asset management companies.

Ms Lim graduated from Nanyang Technological University, Singapore, with a Bachelor of Accountancy. She also has a postgraduate diploma in Economics from the London School of Economics and Political Science, UK.

Clinical Leaders

DR ALFRED LOH
Senior Clinical Director
Raffles Medical

PROF WALTER TAN
Medical Director
Raffles Hospital

DR YANG CHING YU
Medical Director
Raffles Hospital

DR WILSON WONG
Medical Director
Raffles Medical

DR YII HEE SENG
Medical Director
Raffles Health Insurance

DR ONISHI YOICHI
Medical Director
Raffles Japanese Clinic

DR CHARLES POON
Medical Director
Raffles Medical Shanghai

DR CHNG SHIH KIAT
Medical Director
Raffles Medical

DR LEE JONG JIAN
Medical Director
Raffles Hospital

DR DONALD POON
Medical Director
Raffles Hospital

DR MOTODA LENA
Deputy Medical Director
Raffles Japanese Clinic

DR LEE I-WUEN
Deputy Medical Director
Raffles Hospital

DR STANLEY LIEW
Deputy Medical Director
Raffles Hospital

DR LEE KHAI WENG, MICHAEL
Deputy Medical Director
Raffles Medical

DR WONG WEI MON
Deputy Medical Director
Raffles Medical

DR WONG WEN YAO, MICHAEL
Deputy Medical Director
Raffles Medical

Breaking Through, Harnessing Technology

Our dedicated team of professionals are committed to helping you achieve optimal healing. We will continue to harness advanced technology, research and innovations, in pursuit of medical excellence and better clinical outcomes.

Dr Andrew Tan, Specialist in Nuclear Medicine & Consultant, Raffles Nuclear Medicine Centre, discusses PET scan images with Principal Radiographer Ms Goh Eik Heau.

Operations Review

INTRODUCTION

2014 was a celebration of many firsts for Raffles Medical Group. The year saw the fruition of many projects which included the inauguration of the Raffles Hospital extension building and the announcement of Emergency Care Collaboration with the Ministry of Health (MOH), whereby Raffles Hospital's Emergency Department (ED) will receive patients transported to it by Singapore Civil Defence Force (SCDF) emergency ambulances.

Raffles Hospital also clinched the top healthcare spot in the Customer Satisfaction Index of Singapore (CSISG) survey, based on the results released by the Institute of Service Excellence at Singapore Management University (SMU) in 2014.

Other significant milestones included the launch of Chinese Proprietary Medicines (CPM) developed by Raffles Health and Raffles Chinese Medicine (RCM), as well as the collaboration between RCM and Raffles Medical to pilot an integrated model of general practice complemented by acupuncture services.

In 2014, the Group achieved record revenue of $374.6 million, an increase of 9.9% as compared to $341.0 million in 2013. The Group's profit before tax grew 8.6% year-on-year from $74.9 million to $81.3 million, excluding the gain on disposal of a subsidiary in 2013.

RAFFLES HOSPITAL

Strengthening our Practice

Raffles Hospital continued to expand its services and healthcare team to cater to the growing needs of both existing and new patients. The hospital welcomed many new specialists from diverse specialty areas such as cardiology, surgery and oncology. Their contributions will further increase the quality and capacity of our existing services and strengthen Raffles' institutional group practice model of care for patients.

In July 2014, Raffles Hospital established the Raffles Nuclear Medicine Centre, offering radioisotope imaging services. The centre, situated at level one of the hospital, is home to the new Positron Emission Tomography PET / CT scanner, which provides specialists in oncology, cardiology and neurology access to advanced radioisotope imaging techniques.

It is also home to a 3T Magnetic Resonance Imaging (MRI) scanner, which provides MRI images with improved resolution and details. These new scanners extend Raffles Hospital suite of diagnostic services and allow doctors to bring state-of-the-art services to patients.

Areas that were expanded and upgraded in 2014 include the inpatient wards (medical, surgical and paediatric) and selected outpatient centres such as Radiology Centre and Surgery Centre. This is in line with the Group's commitment to improve its value proposition to patients and their family members. In the coming months, the upgrades and expansion will be extended to the other 16 specialists centres.

Two public health seminars were organised in partnership with Channel News Asia in 2014. Doctors from various specialties came together to give comprehensive talks on cancer care as well as eye, skin and aesthetics.

Stronger Regional Presence

Foreign patient revenue from strategic markets continued to grow. The hospital set up a new Representative Office in Ho Chi Minh City, Vietnam and a Patient Liaison Office in Semarang, Indonesia. Moving forward, the hospital will evaluate opportunities for more representative and patient liaison offices at suitable locations to liaise with patients before they leave their countries.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RAFFLES MEDICAL

Providing Integrated Healthcare

Raffles Medical's clinic expansion resulted in a continued growth in patient numbers. It set up more clinics at heartland shopping malls like Seletar Mall and Yew Tee Point. A large multidisciplinary medical centre that offers family medicine, health screening, dental, obstetrics & gynaecology (O&G) and radiology services was opened at Marina Bay Financial Centre Tower 3 in the new downtown business district.

Additionally, an in-house clinic catering to occupational health and family medicine services was set up at Woodlands Industrial Park D. A new aviation medicine centre also commenced operations at Changi Airport Terminal 3 to cater to pilot and aviation checkups. They bring a broad range of quality healthcare services closer to more people in Singapore. Existing clinics at Hougang, Ang Mo Kio, Sembawang Way and


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Changi Airport Terminal 3 were also renovated and expanded as part of our continuous efforts to improve patient care.

Tailoring Direct Solutions

Raffles Medical emerged as the winner in the Best Corporate Healthcare category in HRM Asia Readers' Choice 2014. In addition, key human resource professionals from MNCs, SMEs and government agencies continued to vote Raffles Medical as their Preferred Employee Healthcare Provider again in a survey conducted by the Human Resources magazine, for a record eighth consecutive year.

Its market share continued to grow as the RafflesOne corporate healthcare solution continued to be a key value proposition, bringing integrated care to corporate employees for all healthcare, group insurance and employee benefits services. This saw an increase in companies and organisations that chose Raffles Medical for their corporate healthcare needs while it continued to serve the evolving needs of its existing clients.

New companies in the banking, hospitality, oil and gas, manufacturing, food and beverages, education, retail, logistics and government sectors were added to its client portfolio in 2014.

Providing Accessible Care

Raffles Medical and Raffles Dental continue to serve over 1.2 million eligible Singaporeans on the Community Health Assist Scheme (CHAS) and Pioneer Generation (PG) scheme through its extensive islandwide network of clinics. Raffles Medical was privileged to sign an exclusive partnership arrangement to provide medical care to 37,000 taxi drivers and their families in Singapore from 2015.

RAFFLES DENTAL

Expanding the Network

The revenue of Raffles Dental grew significantly in 2014, largely due to the increase in patient load and consumer demand. To support its expanding operations and growth, Raffles Dental enrolled nine dental surgeons to strengthen its team of dental professionals. Raffles Dental also added four new clinics to bring the total number of clinics to 13 as at 31 Dec 2014. These new clinics are integrated with Raffles Medical clinics and are located at Marina Bay Financial Centre, Asia Square, Seletar Mall and Sembawang Way.

Raffles Dental is poised to grow further in the new year with more dental surgeons coming on board and with the setting up of more dental chairs. It continues to develop as a Dental Education and Training Centre providing continuing dental education courses for dentists both internally and externally.

1. *Neurologist Dr David Choy and Senior Staff Nurse Jasmine Goh assure a patient that her needs will be well-taken care of during her stay.*
2. *Neurologist Dr Mohammed Tauqeer Ahmad explaining the results of a brain scan to a patient.*
3. *(From left to right) Staff Nurse Josephine Yee, Neurologist Dr David Choy, Cardiologist Dr Lee Yian Ping and Resident Physician Dr Shrikant Rasiklal Shah, work together to provide the patient with coordinated, efficient and quality team-based care.*
4. *With our comprehensive range of healthcare financing solutions, our corporate customers are able to find a plan that suits their needs.*
5. *Dental Surgeon Dr Stephanie Yeo, accompanied by Dental Service Assistant Wang Jiewei, describes an X-ray image for an accurate picture of the patient's dental health.*

Operations Review (Cont'd)

RAFFLES CHINESE MEDICINE

Improving Quality of Care

RCM has grown steadily with a team of certified physicians who have experience in the treatment of various conditions. The past year saw a good take-up of RCM services, particularly in the areas of fertility treatment, pain management and cancer complementary care.

In response to evolving patient needs, RCM also collaborated with Raffles Medical to pilot an integrated model of general practice complemented by acupuncture services. RCM will seek opportunities to open new clinics this year.

RAFFLES HEALTH

Expanding our Product Lines

Raffles Health distributes a wide range of nutriceutical products that leverages on the medical expertise and experience available within the Group. In the last two years, Raffles Health collaborated with RCM to develop a range of CPM. With the successful introduction of the CPM products, Raffles Health and RCM plan to further expand and develop the range of CPM products and functional foods.

Apart from RCM, Raffles Health will also be partnering with various specialists to expand the range of health supplements.

RAFFLES MEDICAL INTERNATIONAL

Poised for Growth

Raffles Medical Shanghai continued to grow steadily. To manage its growing demands and to meet diverse needs, more physicians and dentists were hired. Corporate health screening activity has also increased.

Similarly, Raffles Medical Hong Kong (RMHK) has also continued to grow steadily in 2014. The relocation of the downtown business district medical centre to New World Tower has paid off with an increase in patient numbers particularly for health screening services. The expanded services at Hong Kong International Airport under the new five-year term has also contributed to the revenue growth.

In 2014, RMHK won the bid for providing medical and administration services to the Hong Kong Aircraft Engineering Company Limited (HAECO). Commencing on 1 January 2015, RMHK will operate two in-house clinics within HAECO premises and manage a panel of General Practitioner and Specialist Care clinics, laboratories and radiology centres to serve all the medical needs of over 10,000 staff and dependents. The medical centre at TaiKoo Place located in Lincoln House has also been renovated to expand its physiotherapy services.


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RAFFLES HEALTH INSURANCE

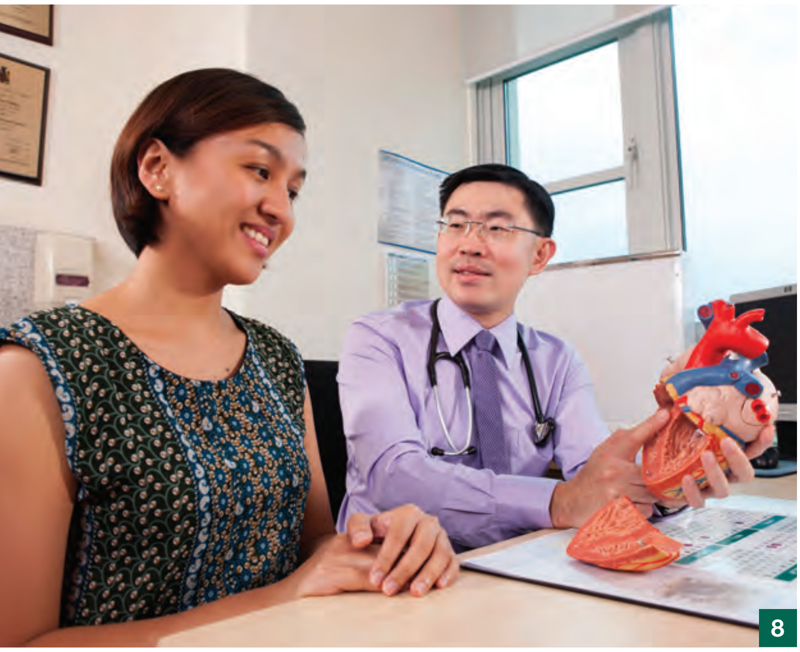
Growing from Strength to Strength

Raffles Health Insurance (RHI) achieved strong revenue growth in 2014 from the expansion of both the group employee benefits business and RHI-Bupa regional and global health insurance business. Going forward, RHI plans to expand its insurance product range to individuals and their families.

RAFFLES HEALTHCARE INSTITUTE

Enhancing Training and Research

Raffles Healthcare Institute provided more than 250 clinical placements for students through partnerships with universities and other tertiary institutions in 2014. University partners include the Duke-NUS Graduate Medical School with which the institute collaborates on a clinical attachment programme in



family medicine. Raffles Healthcare Institute also partners with the National University of Singapore, Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, and Institute of Technical Education to provide clinical attachments for their nursing, radiography, physiotherapy, and pharmacy students. The institute adds value to the educational experience of each trainee by providing not only clinical experience in a private setting, but also exposure to private sector standards of service excellence and business management.

Aside from training, research is also given a boost through the Group's research arm – Raffles Research Labs – which is forging ahead with its clinical trials activities managed through its Clinical Trials Unit (CTU). Set up in 2012, the CTU serves as a one-stop resource centre to match potential sponsors with clinician researchers, and provides support to clinicians to conduct high quality clinical trials. These trials allow patients' access to novel drugs and help expand the hospital's armamentarium for managing certain challenging diseases.

Education and research, together with patient service, constitute the pillars of a great medical institution. An expansion of Raffles Hospital's participation in education and research will contribute to enhancing the overall healthcare system performance.

CORPORATE DEVELOPMENT

Raffles Hospital Extension

In December 2014, Health Minister Gan Kim Yong officiated at the groundbreaking ceremony for Raffles Hospital's new extension building. The extension building will be 20-storey high with two basements at an estimated cost of $310 million. Together with the existing hospital building, the combined development will yield a gross floor area of about 520,000 square feet, almost double the size of the existing Raffles Hospital facilities. The total development will function as a one-stop medical hub that supports patient-centred and team-based care, as well as Raffles Hospital's programme for growth of its clinical services, teaching and research activities.

Raffles Emergency Care Collaboration

In November 2014, Raffles Medical Group signed a Memorandum of Understanding (MOU) with the Ministry of Health (MOH) to collaborate on a two-year project whereby Raffles Hospital's Emergency Department (ED) will receive patients transported to it by Singapore Civil Defence Force emergency ambulances. Raffles Hospital will provide emergency care for these patients at its ED, and follow up on inpatient and specialist outpatient care. Patients treated in Raffles Hospital under this collaboration will be eligible for Government subsidies and the project is expected to commence by the middle of 2015.

Raffles Holland Village

Construction work on the five-storey commercial building on the site of the former POSB Building in Holland Village commenced in April 2014. When the project is completed, approximately 9,000 square feet from a total gross floor area of 65,000 square feet will be dedicated to the expansion of medical and specialist services to cater to both local and expatriate patients. The remaining commercial space will be leased to DBS Bank and tenants offering specialty lifestyle, food and beverage and retail services.

6. *Staff Nurse Belinda Quek interacts lovingly with a toddler at the Raffles Children's Centre.*
7. *By integrating healthcare services and healthcare financing, Raffles Health Insurance aims for a seamless experience for our corporate clients.*
8. *Cardiologist Dr Lee Yian Ping has your best interests at heart and is committed to keeping it healthy and functioning well.*
9. *An artist's impression of the five-storey commercial building in Holland Village.*

Corporate Social Responsibility

Raffles Medical Group is committed to business policies and operations that reflect the interests of its stakeholders including patients, employees, investors, the community and the environment.

The Group is committed to continuous improvement in its Corporate Social Responsibility (CSR) strategy, encouraging its business partners to strive for matching performance, acting in a socially responsible way, continually improving its performance and meeting all relevant legislations, and encouraging staff to be mindful of the effect of their actions on any natural resource.

CORPORATE GOVERNANCE

The Group is committed to ensuring that business is conducted in all respects according to rigorous ethical, professional and legal standards. All the laws that regulate and apply will be complied with.

All groups and individuals with whom it has a business relationship will be treated in a fair, open and respectful manner. Competition will be reasonable and based upon the quality, value and integrity of the products and services being supplied.

The Group continually reviews all activities to ensure that best practice is observed at all times. It allows patients and vendors to provide feedback on its performance and ensures that all comments are analysed, responded to and where appropriate, acted upon. In addition, action plans will be developed to ensure continuous improvement is achieved.

HEALTH AND SAFETY

As a healthcare organisation, Raffles Medical Group aims to provide and maintain a safe and healthy work environment for its employees in compliance with legislative requirements. It is committed to:

- Complying with all statutory safety and health requirements, and other existing standards and guidelines
- Eliminating hazards or adopting reasonably practicable means to reduce the risk of injury to its employees to an acceptable level
- Seeking involvement of various stakeholders to effectively implement Workplace Safety and Health Policy objectives
- Improving continually through on-going reviews of Workplace Safety and Health mechanisms and
- Providing adequate resources to ensure compliance to Workplace Safety and Health Regulations.

ENVIRONMENT

Raffles Medical Group endeavours to reduce its impact on the environment by:

- Conducting audits and taking corrective actions to reduce any adverse environmental impact
- Promoting the efficient use of resources and energy
- Continually improving the management of our surrounding environment.

Nature and Conservation

As a responsible corporate citizen and in its bid to care for the environment it operates in, Raffles Hospital has adopted several green initiatives to reduce energy consumption in the building. All lightings in the hospital are being changed to energy saving bulbs and tubes progressively. These energy saving lights provide the same lux density and vision capability is not compromised. This initiative has led to an estimated reduction of 30,000 KW in energy consumption every month.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In addition, Raffles Hospital switches off unused air conditioning units for floors which are unoccupied during the night and on weekends.

The Group endeavours to ensure that business operations comply with all applicable environmental, legal, health and safety requirements. The Group works closely with the Workplace Safety and Health Council, Singapore Civil Defence Force, Public Utilities Board, National Environment Agency and other relevant authorities to adopt the best practices for environment sustainability.

FAIR EMPLOYMENT PRACTICES

The Group aims to eliminate discrimination on any grounds and promotes equal opportunities and a fair working environment.

The Group adopts a human resources policy that combines a role-based system that grades individual employees based on the extent of their roles, with a performance-based approach to evaluation and compensation based on the outcomes of their job performance within their respective roles.

The Group respects the right of employees to adhere to normal or agreed working hours in accordance with Company Policy established in compliance with the laws and regulations.

ETHICS AND ETHICAL TRADING

The Group will ensure that its employees uphold professional standards and workplace standards and behaviours consistent with the Group's requirements. It is committed to working against corruption in all its forms, including extortion and bribery.

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VENDORS

The Group works with suppliers, subcontractors and other service providers to help achieve its policy aspirations in the delivery of products and services. To this end, it encourages vendors to adopt responsible business policies and practices for mutual benefit.

The Group is committed to ensuring that the welfare of workers and labour conditions within its supply chain meet or exceed recognised standards.

CHARITY

The Group strives to be a good corporate citizen. Over the years, Raffles Medical Group has developed various Corporate Social Responsibility programmes to make a difference in the lives of many.

Rochore Kongsi Home for the Aged

Doctors and dentists from Raffles Medical Group have been visiting the Rochore Kongsi Home for the Aged on a monthly basis since 2009 to provide medical advice and consultation to the residents. The doctors refer residents from the Home to Raffles Hospital for X-rays, laboratory tests, medication and further consultation with specialist doctors when required.

Share-a-Gift

As an outreach to the less privileged in the community, more than 20 staff from the Group came together on 13 December 2014 at Nanyang Polytechnic in support of the annual Share-a-Gift project by The Boys' Brigade. A total of seven cars dispatched 70 bags of gifts to needy persons and families around the Jurong district area. Items in each bag included canned food, staples and powdered instant drinks. The participants, including children of Raffles Medical Group staff, spent several hours delivering the food supplies.

Colon Cancer Screening

As part of the Colon Cancer Awareness Month, Raffles Hospital's Surgery Centre offered free Faecal Occult Blood Test (FOBT) screenings to people aged 50 and above to help in the testing of colorectal cancer. Colon cancer is the most common cancer in Singapore and providing the FOBT screening for free marks a key step in helping our patients remain in good health. Of a total of 1,800 kits provided to patients, 966 kits were returned to Raffles Hospital, with 44 positive results reported. Patients were informed of their results and those patients with positive results were offered a follow-up colonoscopy.

Raffles Eye Centre

In April, the Raffles Eye Centre team partnered with a local charity to provide essential healthcare to underprivileged children in Batam, Nongsa. Over the two-day event, the team screened over 300 children aged three to six for eye diseases and refractive errors. The Raffles Eye Centre team also educated children on good eye care habits. Children requiring reading glasses were sponsored a pair by the local charity.

Healthy ageing at Ang Mo Kio Community Centre

Every few months, nurses from Raffles Medical Group provide health education talks and advice on healthy aging to senior citizens at the Ang Mo Kio Community Centre. Participants are encouraged to share their knowledge among their social circle of friends, thereby raising the awareness of healthy aging in the community. Raffles Medical Group nurses also offer basic health screening sessions and advice on appropriate lifestyle modifications.

EDUCATION

Bursary Award

Introduced in 2011, the Raffles Medical Group Bursary provides financial assistance to the Group's employees for their children's education, thus giving them a head start in their life and career. Since then, a total of 30 bursaries have been awarded, benefiting a total of 22 staff and 30 children.

Scholarship

Raffles Medical Group Scholarship aims to award 35 scholarships over five years to promising students to pursue nursing, pharmacy, biomedical sciences, accountancy or business management courses. A total of $2.1 million was set aside for the scholarship programme. Five scholarships were awarded in 2014, making it a total of 18 scholarships that have been awarded since 2012.

1. *The Group endeavours to reduce its impact to the environment by continually improving the management of its surrounding environment.*
2. *Staff of RMG getting ready before the flag off in support of the annual Share-a-Gift project by The Boys' Brigade.*
3. *Raffles Eye Centre staff partner a local charity at Nongsa, Batam for an eye screening exercise for underprivileged children.*
4. *Recipients of the RMG Bursary Award 2014, who are children of RMG employees, pose for a group photo together.*

Breaking Records, Spearheading Growth

Our patients' unwavering trust in us has allowed us to maintain good operational and financial performance. To meet the ever-increasing demand for quality healthcare, we will continue to grow our presence and make a difference in the lives of the consumers, clients and partners we serve and care for.

A couple eagerly anticipates the arrival of their newborn.

Professional Governance

RafflesHospital

MEDICAL BOARD

Dr Loo Choon Yong *(Advisor)*
Professor Walter Tan *(Chairman)*
Dr Alfred Loh
Dr Yang Ching Yu
Dr Lee Jong Jian
Dr Donald Poon
Dr Lee I-Wuen
Dr Stanley Liew
Dr Kenneth Wu
Dr Prem Kumar Nair *(Secretary)*

CREDENTIALLING & PRIVILEGING COMMITTEE

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

ETHICS COMMITTEE

Dr Lee Jong Jian *(Chairman)*
Professor Walter Tan
Professor Nambiar Rajmohan
Associate Professor Chew Chin Hin
Associate Professor Mary Rauff
Dr Alfred Loh
Dr Khoo Chong Yew
Reverend Dr Isaac Lim
Mr Mike Barclay
Mr Moiz Tyebally

QUALITY COMMITTEE

Dr Alfred Loh *(Chairman)*
Dr Prem Kumar Nair *(Co-Chairman)*
Dr Kenneth Wu
Dr JJ Murugasu
Professor Walter Tan
Dr Yang Ching Yu
Dr Wilson Wong
Mr Lee Meng Tuck
Mdm Tan Lay Geok
Ms Lilian Yew
Ms Yee Earn Hwa
Ms Kartini Sameejan
Ms Pang Yen Yin *(Secretary)*

MEDICAL AUDIT COMMITTEE

Dr Chan Choong Chee *(Chairman)*
Dr Teo Sek Khee
Dr Ng Wai Lin
Dr Veronica Toh
Dr Daryl Tan
Dr Chng Shih Kiat
Ms Lilian Yew
Dr Alfred Loh *(Ex-Officio)*
Ms Kartini Sameejan *(Secretary)*

SURGICAL AUDIT COMMITTEE

Dr JJ Murugasu *(Chairman)*
Professor Edward Tock *(Co-Chairman)*
Dr Yang Ching Yu
Dr Lee Jong Jian
Dr Lee I-Wuen
Dr Eric Teh
Dr Donald Poon
Dr Lim Yeow Wai
Dr Lim Kok Bin
Ms Teo Poh Lin
Dr Ho Kok Yuen
Dr Manish Taneja
Dr Alfred Loh *(Ex-Officio)*
Professor Walter Tan *(Ex-Officio)*
Ms Kartini Sameejan *(Secretary)*

PHARMACY & THERAPEUTICS COMMITTEE

Dr Yang Ching Yu *(Chairman)*
Dr Lee Yian Ping
Dr Teo Sek Khee
Dr Yii Hee Seng
Dr Joshua Kua Hai Kiat
Dr Rupert See Hock Chuan
Dr Melvyn Wong Chung Pheng
Ms Yee Earn Hwa *(Secretary)*

INFECTION CONTROL COMMITTEE

Dr Teo Sek Khee *(Chairman)*
Dr Leong Hoe Nam *(Advisor)*
Dr Wong Kutt Sing
Dr Lynette Ngo Su Mien
Dr Jeffrey Sng
Ms Ong Suat Kien
Ms Roselyn Wong Kim Tee
Ms Lee Lai Fun
Mr Heng Wee Khim
Ms Tee Yen Yen
Ms Cheng Lee Hong
Mr Lee Meng Tuck
Ms Michelle Chua
Ms Kartini Sameejan
Ms Wang Yang *(Secretary)*

OPERATING THEATRE COMMITTEE

Dr Eric Teh *(Chairman)*
Dr Yang Ching Yu
Dr Lee Jong Jian
Dr Stephen Lee
Dr Lim Yeow Wai
Dr Wong Him Choon David
Dr Sheila Loh
Dr Lim Kok Bin
Mdm Tan Lay Geok
Ms Kartini Sameejan
Ms Teo Poh Lin
Ms Lee Lay Tin *(Secretary)*

BLOOD TRANSFUSION & TISSUE REVIEW COMMITTEE

Dr Ekachai Danpanich *(Chairman)*
Dr Daryl Tan
Dr Watt Wing Fong
Dr Jean Ho May Sian
Ms Sadiah Mohd Yusof
Ms Fa'eezah Bte Hamzah
Ms Pang Yen Yin
Ms Louisa Chew *(Secretary)*

PATIENT CASE REVIEW COMMITTEE

Dr Ng Chin (Chairman)
Dr Alvin Ng Chee Keong *(Co-Chairman)*
Dr Chong Yong Yeow
Ms Liu Wei Wei
Ms Yee Earn Hwa
Ms Ong Suat Kien
Ms Fa'eezah Bte Hamzah (Secretary)

CRITICAL CARE COMMITTEE

Dr Chan Choong Chee *(Chairman)*
Dr Steve Yang
Dr Alvin Ng Chee Keong
Dr Wong Kutt Sing
Dr Veronica Toh
Dr Ho Kok Yuen
Ms Lilian Yew
Ms Ong Hui Chin
Ms Mary Jane Mendoza Sangalang
Ms Poh Lay Hiang Yasmine *(Secretary)*

RafflesMedical

MEDICAL BOARD

Dr Loo Choon Yong *(Advisor)*
Dr Wilson Wong *(Chairman)*
Dr Chng Shih Kiat *(Co-Chairman)*
Dr Alfred Loh
Dr Yii Hee Seng
Dr Michael Lee
Dr Michael Wong
Dr Wong Wei Mon

Corporate Information

RafflesMedicalGroup

BOARD OF DIRECTORS

Dr Loo Choon Yong *(Executive Chairman)*
Mr Koh Poh Tiong *(Lead Independent Director)*
Mr Kee Teck Koon *(Independent Director)*
Dr Wee Beng Geok *(Independent Director)*
Mr Tan Soo Nan *(Non-Independent Director)*
Professor Lim Pin *(Independent Director)*
Mr Raymond Lim Siang Keat *(Independent Director)*
Mr Olivier Lim Tse Ghow *(Non-Independent Director)*

AUDIT COMMITTEE

Mr Kee Teck Koon *(Chairman)*
Mr Koh Poh Tiong
Mr Raymond Lim Siang Keat

NOMINATION & COMPENSATION COMMITTEE

Dr Wee Beng Geok *(Chairman)*
Mr Koh Poh Tiong
Professor Lim Pin
Dr Loo Choon Yong
Dr Prem Kumar Nair *(Secretary)*

REGISTERED OFFICE

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

COMPANY SECRETARIES

Mrs Kimmy Goh
Ms Mary Khoo

SHARE REGISTRAR

M & C Services Private Limited
112 Robinson Road
#05-01
Singapore 068902

AUDITORS

KPMG LLP
Chartered Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Partner-in-Charge : Mr Lau Kam Yuen
Year of Appointment : 2014

PRINCIPAL BANKERS

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

RafflesHealthInsurance

BOARD OF DIRECTORS

Dr Loo Choon Yong *(Chairman)*
Mr N Ganesan *(Independent Director)*
Mr Ngiam Tong Dow *(Independent Director)*
Mr Edmund Koh Kian Chew *(Independent Director)*
Mr Tan Soo Nan *(Executive and Non-Independant Director)*

COMPANY SECRETARIES

Mrs Kimmy Goh
Ms Mary Khoo

AUDITORS

KPMG LLP
Chartered Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Partner-in-Charge: Mr Lau Kam Yuen
Year of Appointment: 2014

PRINCIPAL BANKERS

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

Corporate Governance Statement

The Directors and Management of Raffles Medical Group (RMG) are committed to high standards of corporate governance to ensure greater transparency and protection of shareholders' interest. Together with the increasing emphasis on risk governance and heightened risks as well as greater complexity in the business and economic environment, the duties and responsibilities of the Audit Committee have been expanded to assist the Board in overseeing the governance of risk in the Group's business.

This statement outlines the main corporate governance policies and practices for RMG during the financial year with specific reference to the Code of Corporate Governance 2012 (the Code).

PRINCIPLE 1: THE BOARD'S CONDUCT OF ITS AFFAIRS

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

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

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

(a) the approval of quarterly results announcements;
(b) the approval of the annual accounts;
(c) the declaration of interim dividends and proposal of final dividends;
(d) convening of Shareholders' Meetings;
(e) the approval of corporate strategy and direction of the Group;
(f) material acquisitions or disposals;
(g) the approval of transactions involving a conflict of interest for a substantial shareholder or a Director or interested person transactions; and
(h) the appointment of new Directors.

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

BOARD COMMITTEES

To assist the Board in the execution of its duties, the Board has delegated specific functions to the following Committees, each of which has its own Terms of Reference:

(a) Nomination & Compensation Committee (NCC); and
(b) Audit Committee (AC).

INDUCTION AND TRAINING OF DIRECTORS

There is an induction for incoming Directors joining the Board on the discharge of their duties and to introduce the Group's business and governance practice and arrangements, amongst others. Upon appointment, a new Director receives a brief on the Director's duties, responsibilities and disclosure obligations as a Director. He or she is also briefed on key disclosure duties and statutory obligations. As part of the induction programme, the new Director gains an understanding of the Group's management, business and governance practices through induction briefings by members of Senior Management on the Group's various businesses and support functions.

The Directors are advised about relevant training programmes conducted by the Singapore Institute of Directors which they are encouraged to attend. They are also updated on a regular basis on accounting, corporate governance, legal and regulatory changes. Directors may at any time request for further explanation, briefing or informal discussion on any aspects related to the Group's operations.

Corporate Governance Statement *(cont'd)*

PRINCIPLE 1: THE BOARD'S CONDUCT OF ITS AFFAIRS *(CONT'D)*

ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

The table below sets out the attendance at meetings of the Board and Board Committees convened during the course of the financial year:

Name of Director	Board		Audit Committee		Nomination & Compensation Committee	
	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Dr Loo Choon Yong	5	5	4	4	1	1
Mr Koh Poh Tiong (1)	5	5	4	4	1	1
Mr Kee Teck Koon	5	5	4	4	NA	NA
Dr Wee Beng Geok	5	5	NA	NA	1	1
Mr Tan Soo Nan (2)	5	5	4	4	NA	NA
Professor Lim Pin	5	5	NA	NA	1	1
Mr Raymond Lim Siang Keat (3)	5	5	4	4	NA	NA
Mr Olivier Lim Tse Ghow (4)	5	1	NA	NA	NA	NA

Notes:

(1) Mr Koh Poh Tiong was appointed the Lead Independent Director and a Member of the NCC on 2 January 2014.
(2) Mr Tan Soo Nan ceased to be a Member of the AC with effect from 26 January 2015 as a consequence of his re-designation from Non-Executive and Non-Independent to Executive and Non-Independent Director.
(3) Mr Raymond Lim Siang Keat was appointed as a Member of the AC on 2 January 2014.
(4) Mr Olivier Lim Tse Ghow was re-appointed to the Board on 1 October 2014.
NA: Not applicable

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The names of the Directors of the Company in office as at the date of this Report are set out below. The Board has objectively reviewed and will continue to examine its size and its composition in terms of balance and diversity of skills, experience, gender, and knowledge of the Company. The Board is satisfied that its size facilitates effective decision making and its composition provides appropriate balance and diversity.

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

Name of Director	Date of First Appointment	Nature of Appointment	Date of Last Re-election as Director	Position Held on the Board	Other Functions
Dr Loo Choon Yong	16/05/1989	Executive and Non-Independent	23/04/2014	Chairman	Member of NCC
Mr Koh Poh Tiong (1)	03/10/2011	Non-Executive and Independent	23/04/2014	Lead Independent Director	Member of AC and NCC
Mr Kee Teck Koon	03/01/2012	Non-Executive and Independent	23/04/2014	Director	Chairman of AC
Dr Wee Beng Geok	27/11/2000	Non-Executive and Independent	23/04/2013	Director	Chairman of NCC
Mr Tan Soo Nan (2)	28/07/2000	Executive and Non-Independent	23/04/2013	Director	Nil
Professor Lim Pin	19/02/2001	Non-Executive and Independent	23/04/2014	Director	Member of NCC
Mr Raymond Lim Siang Keat (3)	25/04/2013	Non-Executive and Independent	23/04/2014	Director	Member of AC
Mr Olivier Lim Tse Ghow	01/10/2014(4)	Non-Executive and Non-Independent	NA	Director	Nil

Corporate Governance Statement *(cont'd)*

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

Notes:

(1) Mr Koh Poh Tiong was appointed the Lead Independent Director and a Member of NCC on 2 January 2014.

(2) Mr Tan Soo Nan was re-designated as a Non-Executive and Non-Independent Director with effect from 24 February 2014. Mr Tan was further re-designated as an Executive and Non-Independent Director on 26 January 2015. As a consequence of the re-designation, Mr Tan ceased to be a member of the AC with effect from the same date.

(3) Mr Raymond Lim Siang Keat was appointed as a Member of AC on 2 January 2014.

(4) Mr Olivier Lim Tse Ghow had ceased to be a Non-Executive and Independent Director on 29 June 2013 and was re-appointed to the Board as Non-Executive and Non-Independent Director on 1 October 2014.

NA: Not applicable

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

INDEPENDENT MEMBERS OF THE BOARD

There is a strong and independent element in the Board. Five of the eight members of the Board are Independent Directors namely Mr Koh Poh Tiong, Mr Kee Teck Koon, Dr Wee Beng Geok, Professor Lim Pin and Mr Raymond Lim Siang Keat. 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 corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the business judgement of the Directors independently for the best interests of the Group as a whole.

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

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

Dr Wee Beng Geok and Professor Lim Pin have served for a continuous period of more than 9 years. In compliance with the guidelines, the independence of the two Directors has been subjected to rigorous review by the Board. In spite of their length of service, these Directors are still considered independent: their roles are non-executive in nature and they are also not involved in the day-to-day business and operations of the Group. Over time, they have also developed independent and invaluable insights into the Group's management. These Directors have also demonstrated objectivity in character and judgement in the discharge of their duties as Directors of the Company.

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

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business. No one individual should represent a considerable concentration of power.

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

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

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

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

Corporate Governance Statement *(cont'd)*

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER (EXECUTIVE CHAIRMAN) *(CONT'D)*

LEAD INDEPENDENT DIRECTOR

Mr Koh Poh Tiong was appointed by the Board as the Lead Independent Director with effect from 2 January 2014. The function of the Lead Independent Director is to serve in a lead capacity to coordinate the activities of the Non-Executive Directors in circumstances where it would be inappropriate for the Executive Chairman to serve in such capacity, and to assist the Executive Chairman and the Board to ensure effective corporate governance in managing the affairs of the Board and the Company.

The role of the Lead Independent Director includes meeting with the Non-Executive Directors without the Executive Chairman present to appraise the Executive Chairman's performance and on such other occasions as are deemed appropriate. He would be available to shareholders who have concerns on matters, for which contact through the normal channels of the Executive Chairman or the Group Financial Controller has failed to resolve the issues or for which such contact is inappropriate.

PRINCIPLE 4: BOARD MEMBERSHIP

There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.

The Board members are selected on the basis of their character, business experience and acumen. Where a Director has multiple board representations, the NCC will evaluate whether or not the Director is able to and has been adequately carrying out his or her duties as a Director of the Company. As a guide, Directors should not be represented on more than six boards listed on any Exchange (excluding nominee directorship of listed companies for which the Director is an employee). The appointment of a Board member is subject to the approval of the Board. In appointing Directors, the Board considers the range of skills and experience required in light of:

(a) the geographical spread and diversity of the Group's businesses;
(b) the strategic direction and progress of the Group;
(c) the current composition of the Board; and
(d) the need for independence.

Key information regarding the Directors is set out on pages 8 to 11 of the Annual Report.

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

PRINCIPLE 5: BOARD PERFORMANCE

There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each Director to the effectiveness of the Board.

The NCC reviews the Board's performance on an annual basis, based on performance criteria as agreed by the Board, and decides how this may be evaluated. The Board has implemented a process for assessing the effectiveness of the Board as a whole, its Board Committees and for assessing the contribution by Directors to the effectiveness of the Board. This process includes having Directors complete a Questionnaire seeking their views on various aspects of Board performance, such as Board composition, information, process and accountability. The Company Secretaries compile the Directors' responses to the Questionnaire into a consolidated report. The report is reviewed by the NCC and also shared with the entire Board.

During the year 2014, the Questionnaire on the performance of the Board and Board Committees was reviewed based on best practices on board evaluation and revised to take into consideration key issues and areas the Board wanted to focus on. The Questionnaire was completed by Directors, and reviewed by the NCC and then the Board. The NCC assessed the performance of the Board as a whole, taking into account the Board's composition and size, the Board's access to information, Board processes, Board accountability, standard of conduct and performance of the Board's principal functions and fiduciary duties, and guidance to and communication with the Management.

Corporate Governance Statement *(cont'd)*

PRINCIPLE 5: BOARD PERFORMANCE *(CONT'D)*

The Executive Chairman, together with the Chairman of the NCC, also assessed the performance of individual Directors based on factors such as the Director's attendance, preparedness, candour, participation and contribution at Board meetings and industry and business knowledge.

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

PRINCIPLE 6: ACCESS TO INFORMATION

In order to fulfil their responsibilities, Directors should be provided with complete, adequate and timely information prior to Board Meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

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

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

In addition, Directors have separate and independent access to Senior Management and the Company Secretaries at all times. The Company Secretaries are responsible to the Board for ensuring that the established procedures and relevant statutes and regulations are complied with. The Company Secretaries attend all the Board Meetings held.

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

PRINCIPLES 7 AND 8: REMUNERATION MATTERS

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

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the Company, and (b) key management personnel to successfully manage the Company. However, companies should avoid paying more than is necessary for this purpose.

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

The NCC seeks expert advice and views on remuneration and governance matters from both within and outside the Group as appropriate and determines the remuneration packages for the Executive Chairman and Senior Management based on the performance of the Group as well as the individual. By drawing on a pool of independent consultants for diversified views and specific expertise, the NCC ensures that existing relationships, if any, between the Group and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The Executive Chairman does not participate in the discussion of his compensation package. Through the use of contractual provisions, the Group has the ability to reclaim incentive components of remuneration from the relevant management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

Corporate Governance Statement *(cont'd)*

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

Every Company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the Company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and key management personnel, and performance.

Details of Directors' remuneration are set out below:

Remuneration Band	Number of Directors [1]	
	2014	2013 [2]
$500,000 and above	1	1
$250,000 to below $500,000	–	–
Below $250,000	7	7
	8	8

Notes:

(1) *The remuneration for the respective years includes Director's remuneration paid/payable to Mr Olivier Lim Tse Ghow who had ceased to be a Non-Executive and Independent Director on 29 June 2013 and was re-appointed to the Board as a Non-Executive and Non-Independent Director on 1 October 2014.*

(2) *Includes Director's remuneration paid to Mr Raymond Lim Siang Keat who was appointed to the Board as Non-Executive and Independent Director on 25 April 2013.*

Whilst the Code recommends that the Company fully disclose the remuneration of each individual Director and the Chief Executive Officer on a named basis, the Company has, given the sensitivity of remuneration matters, opted not to disclose the total remuneration of each individual Director in dollar terms to maintain confidentiality of the remuneration packages of these Directors.

A summary of the compensation for each individual Director for the year ended 31 December 2014 (Group) is as follows:

Name of Director	Salary [1] %	Bonus [2] %	Director's Fees %	Share Options Grants %	Total Compensation %
$500,000 and above					
Dr Loo Choon Yong *Executive Chairman*	8	92	–	–	100
Below $250,000					
Mr Koh Poh Tiong *Non-Executive*	–	–	67	33	100
Mr Kee Teck Koon *Non-Executive*	–	–	60	40	100
Dr Wee Beng Geok *Non-Executive*	–	–	55	45	100
Mr Tan Soo Nan *Executive*	–	–	49	51	100
Professor Lim Pin *Non-Executive*	–	–	55	45	100
Mr Raymond Lim Siang Keat *Non-Executive*	–	–	72	28	100
Mr Olivier Lim Tse Ghow [3] *Non-Executive*	–	–	100	0	100

Notes:

(1) *The salary amount shown is inclusive of allowances and statutory contributions to the Central Provident Fund.*
(2) *The bonus amount shown is inclusive of statutory contributions to the Central Provident Fund.*
(3) *Mr Olivier Lim Tse Ghow was re-appointed to the Board on 1 October 2014.*

Corporate Governance Statement *(cont'd)*

PRINCIPLE 9: DISCLOSURE ON REMUNERATION *(CONT'D)*

KEY EXECUTIVES' REMUNERATION

The Code requires the remuneration of at least the top five key executives, who are not in the capacity of a Director or the Chief Executive Officer within bands of $250,000, to be disclosed. However, due to commercial sensitivities, the Company believes that the disclosure of the remuneration of individual executives is disadvantageous to the business interest and long-term performance of the Group, especially in a highly competitive industry.

The Company had also not disclosed the total remuneration paid to its top five key executives (who are not Directors or the Chief Executive Officer) on a named basis or in aggregate, having regard to the sensitive and confidential nature of key executives' remuneration matters and to ensure the Company's competitive advantage in the retention of its key executives.

There are no employees in the Group who are the immediate family members of a Director or the Chief Executive Officer. Key information regarding the Employees' Share Option Scheme is set out on pages 43 to 47 of the Annual Report.

PRINCIPLE 10: ACCOUNTABILITY

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

The Group prepares its financial statements in accordance with the Singapore Financial Reporting Standards.

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

As has been introduced earlier, the NCC and the AC have been delegated specific functions to assist the Board in the execution of its duties.

NOMINATION & COMPENSATION COMMITTEE

The NCC is chaired by Dr Wee Beng Geok, with Lead Independent Director, Mr Koh Poh Tiong (appointed on 2 January 2014), Professor Lim Pin and Executive Chairman, Dr Loo Choon Yong as members. The majority of the NCC members are Independent Directors.

The responsibilities of the NCC include the following:

(a) Make recommendations to the Board for approval on matters relating to the:
    (i) review of the Board's succession plans for Directors, including the Executive Chairman and the Chief Executive Officer;
    (ii) development of a process for evaluation of the performance of the Board, its Board committees and Directors;
    (iii) review of training and professional development programs for the Directors;
    (iv) recommendation on the appointment and re-appointment of Directors; and
    (v) determination of a framework or broad policy for the remuneration of the Directors;

(b) Determine the framework or broad policy for the remuneration of key executives as it is designated to consider. No Director or Manager shall be involved in any decisions as to their own remuneration;

(c) Review the design of all Employee Share Option Schemes approved by the Board and the shareholders. For any such schemes, it shall determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to eligible persons and the performance targets to be used;

(d) Empowered to delegate to Executive Chairman or Company Secretaries to approve and release such announcements in relation to the administration of the Employee Share Option Schemes that are required for the compliance with the Singapore Exchange Securities Trading Limited (SGX-ST) Listing Manual;

(e) Sub-delegate, if required, any of the powers within its Terms of Reference, from time to time, as the NCC may deem fit; and

(f) Consider such other matters as may be requested by the Board.

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 NCC. The Board believes that Dr Loo Choon Yong's long experience in the healthcare industry and inputs are necessary to enable the Company to compensate its key executives and clinicians satisfactorily in the competitive healthcare industry. Furthermore, the Committee, comprising three other Independent Directors reviews the compensation of the Executive Chairman to ensure that he is appropriately rewarded, giving due regard to the financial and commercial health and business needs of the Group.

Corporate Governance Statement *(cont'd)*

PRINCIPLE 10: ACCOUNTABILITY *(CONT'D)*

AUDIT COMMITTEE

The composition of the AC and its delegated duties are set out in the section under Principle 12 of this Statement.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

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

The Group has adopted an entity-wide risk assessment framework to enhance its risk management capabilities. Key risks, control measures and management actions are identified by Management and reviewed annually by the AC. The Board through the AC and Management continues to improve and enhance the risk assessment framework. Based on the work performed by the internal auditors, the statutory audit by the external auditors and reviews performed by Management, the Board, with the concurrence of the AC, is of the opinion that the Group has adequate and effective risk management systems and internal controls in place to mitigate critical and significant risks in the following areas: Financial, Operational, Compliance and Information Technology Risks.

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

The Directors have also received assurance from the Executive Chairman and the Group Financial Controller that the Group's financial records have been properly maintained and that the financial statements give a true and fair view of the Group's operations and finances, as well as the effectiveness of the Group's risk management and internal control systems.

PRINCIPLE 12: AUDIT COMMITTEE

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

The AC comprising its Chairman, Mr Kee Teck Koon and other members[1], namely, Lead Independent Director, Mr Koh Poh Tiong and Independent Director, Mr Raymond Lim Siang Keat, meets periodically with the Group's internal and external auditors as well as Management to review accounting, auditing and financial reporting matters. This is to ensure that an effective control environment is maintained in the Group. The AC also monitors proposed changes in accounting policies and discusses the accounting implications of major transactions. In addition, the AC also advises the Board regarding the adequacy of the Group's internal controls and the contents and presentation of its quarterly and annual financial statements.

Specifically, the AC:

(a) reviews the audit plans, functions and scope of audit examination of the external auditors and approves the audit plans of the internal auditors;

(b) recommends to the Board the appointment and re-appointment of external auditors;

(c) approves the remuneration of the external auditors, and reviews the scope and result of the audit and its cost effectiveness;

(d) evaluates the overall effectiveness of both the internal and the external audits through regular meetings with each group of auditors;

(e) reviews the adequacy and effectiveness of the internal audit function;

(f) determines that no restrictions are being placed by Management upon the work of the internal and external auditors;

(g) 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;

(h) evaluates adherence to the Group's administrative, operating and internal accounting controls;

(i) monitors proposed changes in accounting policies and discusses the accounting implications of major transactions;

Corporate Governance Statement *(cont'd)*

PRINCIPLE 12: AUDIT COMMITTEE *(CONT'D)*

(j) reviews the quarterly and annual financial statements before submission to the Board for adoption;

(k) reviews Interested Person Transactions (as defined in Chapter 9 of the Listing Manual of SGX-ST) to ensure that they are on normal commercial terms and not prejudicial to the interests of the Company or its shareholders;

(l) reviews non-audit services provided by the external auditors to establish their independence;

(m) 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;

(n) 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 an independent investigation and appropriate follow-up action;

(o) reviews and approves the key risks, control measures and management actions identified by Management (i.e. Entity Risk Assessment) on an annual basis; and

(p) considers other matters as requested by the Board.

The AC is authorised to investigate any matter within its Terms of Reference as approved by the Board, 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 functions properly. The AC meets with the external auditors without the presence of Management, at least once a year.

The fees paid to our external auditor, KPMG LLP, is set out on page 91 of the Annual Report.

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 employees' easy reference.

Note:

(1) Mr Tan Soo Nan ceased to be a Member of the AC with effect from 26 January 2015 as a consequence of his re-designation from Non-Executive and Non-Independent to Executive and Non-Independent Director.

PRINCIPLE 13: INTERNAL AUDIT

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

The Group has an internal audit function that is independent of the activities it audits. The internal auditors report to the Chairman of the AC functionally and to the Executive Chairman administratively.

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

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

(a) the scope of the internal auditors' work;
(b) the quality of the auditors' reports;
(c) the auditors' relationship with external auditors; and
(d) the auditors' independence of the areas reviewed.

PRINCIPLE 14: SHAREHOLDER RIGHTS

Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Group's robust corporate governance culture and awareness promote fair and equitable treatment of all shareholders. All shareholders enjoy specific rights under the Singapore Companies Act and the Company's Articles of Association. All shareholders are treated fairly and equitably. These rights include, amongst others, pecuniary rights, for example,

Corporate Governance Statement *(cont'd)*

PRINCIPLE 14: SHAREHOLDER RIGHTS *(CONT'D)*

the right to participate in profit distributions and membership rights such as the right to participate in general meetings and the right to exercise their voting rights. Under the Articles of Association, ordinary shareholders are entitled to attend and vote at the Annual General Meeting by person or proxy.

The Group respects the equal information rights of all shareholders and is committed to the practice of fair, transparent and timely disclosure. All price-sensitive information is publicly released prior to any sessions with individual investors or analysts.

PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

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

The Group's investor relations activities promote regular, effective and fair communication with investors. Briefing sessions for the media and analysts are conducted when quarterly results are released. All press statements and quarterly financial statements are published on the Group's and SGX websites. A dedicated investor relations team supports the Executive Chairman in maintaining a close and active dialogue with the investment community throughout the year, responding diligently and prompt to all enquiries, analysts and other interested parties. The Group's website provides contact details for investors to submit their feedback and raise any questions.

During the year, Management met more than 330 local and foreign investors. It participated in 12 local and 3 overseas investor conferences. These meetings provide a forum for Management to explain the Group's strategy and financial performance. Management also uses meetings with investors and analysts to solicit their perceptions of the Group.

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

(a) 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 Singapore Companies Act, Singapore Financial Reporting Standards and the SGX-ST Listing Manual;
(b) financial statements containing a summary of the financial information and affairs of the Group for the period;
(c) notices of and explanatory memoranda for Annual General Meetings and Extraordinary General Meetings;
(d) press and analyst briefings for the Group's quarterly and annual results as well as other briefings, as appropriate;
(e) press releases on major developments of the Group;
(f) disclosures to the SGX-ST; and
(g) the Group's website at http://www.rafflesmedicalgroup.com where shareholders can access information on the Group. The website provides inter alia, corporate announcements, press releases, annual reports and a profile of the Group.

PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS

Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

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

The notice of the Annual General Meeting is despatched to shareholders, together with explanatory notes or a circular on items of special business, at least 14 days before the meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues at the Annual General Meeting. The Chairmen of the AC and the NCC are normally available at the meeting to answer those questions relating to the work of these Committees. The external auditors are normally available to address shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report.

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

Additional Information Required By The Singapore Exchange Securities Trading Limited

MATERIAL CONTRACTS

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

DEALINGS IN SECURITIES

In compliance with Rule 1207(19) of the SGX-ST Listing Manual, the Group has in place a policy which prohibits dealings in the Company's securities by all officers of the Company and its subsidiaries, during the periods commencing 2 weeks prior to the announcement of the Group's financial statements for each of the first 3 quarters of its financial year and 1 month prior to the announcement of the Group's full year financial statements and ending on the date of the announcement of such financial statements. Directors, executive officers and any other persons as determined by Management who may possess unpublished material price sensitive information of the Group (relevant persons), are also reminded to observe insider trading laws at all times, and not to deal in the Company's securities when in possession of any price-sensitive and confidential information regarding the Group, or on short-term considerations. A reminder is circulated to Directors, executive officers and relevant persons of the Company and its subsidiaries every quarter before the commencement of the period during which dealings in the Company's securities are prohibited and to those with access to price-sensitive and confidential information. All Directors of the Company and its subsidiaries are required to report all dealings to the Company Secretaries.

STATEMENT OF RISK MANAGEMENT

The Group has adopted an entity-wide risk assessment framework to identify, evaluate and control all key risks on a coordinated and integrated basis. Business Units adopt a bottom up approach in identifying and evaluating risks and these risks are then reviewed at the Group level to provide a top down perspective as well. Key risks, control measures and management actions identified by Management are reviewed annually by the AC.

Under the framework, the risks are prioritised and Business Units use both preventive and mitigation controls to manage risk exposures within prescribed tolerance limits. These risk management activities are carried out periodically as embedded organisational processes within the Group.

Having reviewed the risk management practices and policies of the Group, the Board has not found anything to suggest that risks are not being satisfactorily managed.

INTERESTED PERSONS TRANSACTIONS

The Company has established procedures to ensure that all transactions with Interested Persons are reported to the AC on a quarterly basis. The AC has reviewed the Interested Persons Transactions (IPTs) entered into during the financial year by the Company. The Company's disclosures, according to Rule 907 of the SGX-ST Listing Manual in respect of IPTs for the aggregate value of IPTs entered for the financial year ended 31 December 2014, are set out below. As the Company does not have a shareholders' mandate under Rule 920, there is no IPT reporting associated therewith.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Loo & Partners LLP – For the provision of legal advisory services to the Group	$254,635	Nil

The above IPTs were conducted on normal commercial terms. The AC was also of the view that the IPTs were not prejudicial to the interests of the Company and its minority shareholders.

Financial Report

CONTENTS

Directors' Report

Year ended 31 December 2014

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 2014.

DIRECTORS

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

Dr Loo Choon Yong
Mr Koh Poh Tiong
Mr Kee Teck Koon
Dr Wee Beng Geok
Mr Tan Soo Nan
Professor Lim Pin
Mr Raymond Lim Siang Keat
Mr Olivier Lim Tse Ghow (Appointed on 1 October 2014)

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	56,412,761	57,104,942	233,006,897	235,865,877
Mr Koh Poh Tiong	30,000	30,000	–	–
Dr Wee Beng Geok	951,000	1,021,000	–	–
Mr Tan Soo Nan	1,277,686	1,277,686	–	–
Professor Lim Pin	595,482	655,482	–	–
Mr Olivier Lim Tse Ghow	–	40,000	–	–

The Company	**At beginning of the year**	**At end of the year**	**Option price per share**	**Date of grant**
	Options to subscribe for ordinary shares			
Mr Koh Poh Tiong	20,000	20,000	$2.34	02/04/2012
	60,000	60,000	$3.28	01/04/2013
	–	60,000	$3.20	01/04/2014
Mr Kee Teck Koon	20,000	20,000	$2.34	02/04/2012
	60,000	60,000	$3.28	01/04/2013
	–	80,000	$3.20	01/04/2014
Dr Wee Beng Geok	120,000	–	$0.78	01/04/2009
	70,000	70,000	$1.66	01/04/2010
	70,000	70,000	$2.20	01/04/2011
	80,000	80,000	$2.34	02/04/2012
	80,000	80,000	$3.28	01/04/2013
	–	80,000	$3.20	01/04/2014

Directors' Report *(cont'd)*

Year ended 31 December 2014

DIRECTORS' INTERESTS *(CONT'D)*

The Company	At beginning of the year	At end of the year	Option price per share	Date of grant
	Options to subscribe for ordinary shares			
Mr Tan Soo Nan	70,000	70,000	$1.66	01/04/2010
	70,000	70,000	$2.20	01/04/2011
	80,000	80,000	$2.34	02/04/2012
	80,000	80,000	$3.28	01/04/2013
	–	80,000	$3.20	01/04/2014
Professor Lim Pin	40,000	10,000	$2.34	02/04/2012
	60,000	30,000	$3.28	01/04/2013
	–	60,000	$3.20	01/04/2014
Mr Raymond Lim Siang Keat	–	50,000	$3.20	01/04/2014

	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
	Ordinary Shares			
Raffles Medical Holdings Pte Ltd				
Dr Loo Choon Yong	100,000	100,000	–	–

The options in the Company granted in 2009 to 2014 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 interests in the other subsidiaries of Raffles Medical Holdings Pte Ltd at the beginning and at the end of the financial year.

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

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2015.

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 note 22 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.

Directors' Report *(cont'd)*

Year ended 31 December 2014

SHARE OPTIONS

Employees' Share Option Scheme

Raffles Medical Group (2000) Share Option Scheme

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

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

Dr Wee Beng Geok
Professor Lim Pin
Dr Loo Choon Yong

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

(3) No additional options were granted pursuant to the RMG 2000 Scheme for the financial year ended 31 December 2014.

(4) As at 31 December 2014, outstanding options to take up unissued ordinary shares in the Company under the RMG 2000 Scheme were as follows:

Date of grant of option	Exercise price per share	Options outstanding at 1 January 2014	Options exercised	Options forfeited/ expired	Options outstanding at 31 December 2014	Number of option holders at 31 December 2014
01/04/2004	$0.33	142,000	142,000	–	–	–
01/04/2005	$0.42	207,000	142,000	–	65,000	5
03/04/2006	$0.71	586,000	241,000	–	345,000	15
02/04/2007	$1.15	1,012,000	460,000	3,000	549,000	34
01/04/2008	$1.24	903,000	368,000	12,000	523,000	52
01/04/2009	$0.78	1,919,000	809,000	32,000	1,078,000	46
01/04/2010	$1.66	2,628,000	525,000	22,000	2,081,000	103
		7,397,000	2,687,000	69,000	4,641,000	

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

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

Name of Directors	Aggregate options granted since commencement of Scheme to 31 December 2014	Aggregate options exercised since commencement of Scheme to 31 December 2014	Aggregate options outstanding as at 31 December 2014
Dr Wee Beng Geok	1,138,000	1,068,000	70,000
Mr Tan Soo Nan	1,238,000	1,168,000	70,000
Professor Lim Pin	968,000	968,000	–
Total	3,344,000	3,204,000	140,000

Directors' Report *(cont'd)*

Year ended 31 December 2014

SHARE OPTIONS *(CONT'D)*

Employees' Share Option Scheme (cont'd)

Raffles Medical Group (2000) 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, by reason of any issue of additional shares in the Company by way of rights or capitalisation of profits or reserves made which an option remains unexercised.

Raffles Medical Group (2010) Share Option Scheme

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

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

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

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

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

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

Directors' Report *(cont'd)*

Year ended 31 December 2014

SHARE OPTIONS *(CONT'D)*

Employees' Share Option Scheme (cont'd)

Raffles Medical Group (2010) Share Option Scheme (cont'd)

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

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

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

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

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

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

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

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

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

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

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

Directors' Report *(cont'd)*

Year ended 31 December 2014

SHARE OPTIONS *(CONT'D)*

Employees' Share Option Scheme (cont'd)

Raffles Medical Group (2010) Share Option Scheme (cont'd)

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

Dr Wee Beng Geok
Mr Koh Poh Tiong
Professor Lim Pin
Dr Loo Choon Yong

(8) On 1 April 2014, additional options were granted pursuant to the RMG 2010 Scheme to subscribe for ordinary shares at an exercise price of $3.20 as follows:

	Company
Directors of the Company and Executive Directors of the subsidiaries	980,000
Other participants	5,270,000
	6,250,000

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

(10) As at 31 December 2014, outstanding options to take up unissued ordinary shares in the Company under the RMG 2010 Scheme as follows:

Date of grant of options	Exercise price per share	Options outstanding at 1 January 2014	Options granted	Options exercised	Options forfeited/ expired	Options outstanding at 31 December 2014	Number of option holders at 31 December 2014
01/04/2011	$2.20	3,133,000	–	729,000	210,000	2,194,000	165
02/04/2012	$2.34	4,696,000	–	832,000	116,000	3,748,000	243
01/04/2013	$3.28	5,974,000	–	461,000	308,000	5,205,000	354
01/04/2014	$3.20	–	6,250,000	–	117,000	6,133,000	480
		13,803,000	6,250,000	2,022,000	751,000	17,280,000	

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

Name of Director	Options granted for financial year ended 31 December 2014	Aggregate options granted since commencement of Scheme to 31 December 2014	Aggregate options exercised since commencement of Scheme to 31 December 2014	Aggregate options outstanding as at 31 December 2014
Mr Koh Poh Tiong	60,000	140,000	–	140,000
Mr Kee Teck Koon	80,000	160,000	–	160,000
Dr Wee Beng Geok	80,000	310,000	–	310,000
Mr Tan Soo Nan	80,000	310,000	–	310,000
Professor Lim Pin	60,000	250,000	150,000	100,000
Mr Raymond Lim Siang Keat	50,000	50,000	–	50,000
Total	410,000	1,220,000	150,000	1,070,000

Directors' Report *(cont'd)*

Year ended 31 December 2014

SHARE OPTIONS *(CONT'D)*

Employees' Share Option Scheme (cont'd)

Raffles Medical Group (2010) Share Option Scheme (cont'd)

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

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights 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 Kee Teck Koon (Chairman), Non-Executive Director
- Mr Tan Soo Nan, Non-Executive Director (Ceased on 26 January 2015)
- Mr Koh Poh Tiong, Non-Executive Director
- Mr Raymond Lim Siang Keat, Non-Executive Director

Mr Tan Soo Nan has been re-designated from Non-Executive and Non-Independent to Executive and Non-Independent Director of the Company with effect from 26 January 2015. As a consequence of his re-designation, Mr Tan ceased to be a member of the Audit Committee with effect from the same date.

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual 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, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

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

Directors' Report *(cont'd)*

Year ended 31 December 2014

AUDIT COMMITTEE *(CONT'D)*

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

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

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

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 Kee Teck Koon
Director

14 February 2015

Statement By Directors

Year ended 31 December 2014

In our opinion:

(a) the financial statements set out on pages 51 to 101 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 2014 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 Kee Teck Koon
Director

14 February 2015

Independent Auditors' Report

Members of the Company
Raffles Medical Group Ltd

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Raffles Medical Group Ltd (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2014, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 51 to 101.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position 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 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
14 February 2015

Statements Of Financial Position

As at 31 December 2014

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Non-current assets					
Property, plant and equipment	4	228,209	153,656	5,775	4,422
Intangible assets	5	164	164	93	93
Investment properties	6	228,300	100,400	–	–
Subsidiaries	23	–	–	421,346	241,584
Trade and other receivables	7	2,694	–	1,614	–
		459,367	254,220	428,828	246,099
Current assets					
Inventories		8,526	9,080	2,159	2,062
Trade and other receivables	7	36,955	44,228	17,250	16,660
Cash and cash equivalents	8	150,179	265,907	93,604	220,046
		195,660	319,215	113,013	238,768
Total assets		655,027	573,435	541,841	484,867
Equity attributable to owners of the Company					
Share capital	9	254,257	228,160	254,257	228,160
Reserves	9	284,543	244,344	177,070	152,217
		538,800	472,504	431,327	380,377
Non-controlling interests		1,472	1,289	–	–
Total equity		540,272	473,793	431,327	380,377
Non-current liabilities					
Trade and other payables	11	6,913	–	174	–
Deferred tax liabilities	12	2,979	2,127	523	435
		9,892	2,127	697	435
Current liabilities					
Trade and other payables	11	74,486	72,664	102,043	98,830
Insurance contract provisions	13	11,094	9,700	–	–
Loans and borrowings	14	6,391	4,755	6,391	4,755
Current tax liabilities		12,892	10,396	1,383	470
		104,863	97,515	109,817	104,055
Total liabilities		114,755	99,642	110,514	104,490
Total equity and liabilities		655,027	573,435	541,841	484,867

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

Consolidated Statement Of Profit Or Loss

Year ended 31 December 2014

	Note	2014 $'000	2013 $'000
Revenue		374,641	340,989
Other operating income		4,230	24,331
Inventories and consumables used		(39,829)	(38,237)
Purchased and contracted services		(34,368)	(24,625)
Staff costs		(182,094)	(170,091)
Depreciation of property, plant and equipment		(9,646)	(8,268)
Operating lease expenses		(8,561)	(7,271)
Other operating expenses		(24,046)	(22,501)
Profit from operating activities		80,327	94,327
Finance income		1,012	960
Finance expenses		(58)	(49)
Profit before tax		81,281	95,238
Tax expense	17	(13,319)	(9,943)
Profit for the year	16	67,962	85,295
Profit attributable to:			
Owners of the Company		67,639	84,892
Non-controlling interests		323	403
Profit for the year		67,962	85,295
Earnings per share			
Basic earnings per share (cents)	18	12.09	15.43
Diluted earnings per share (cents)	18	11.96	15.24

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

Consolidated Statement Of Comprehensive Income

Year ended 31 December 2014

	2014 $'000	2013 $'000
Profit for the year	67,962	85,295
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences - foreign operations	(106)	(30)
Total comprehensive income for the year	67,856	85,265
Total comprehensive income attributable to:		
Owners of the Company	67,533	84,862
Non-controlling interests	323	403
Total comprehensive income for the year	67,856	85,265

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

Consolidated Statement Of Changes In Equity

Year ended 31 December 2014

Group	Share capital $'000	Currency translation reserve $'000	Share option reserve $'000	Accumulated profits $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2013	207,188	(85)	12,575	168,744	388,422	994	389,416
Total comprehensive income for the year							
Profit for the year	–	–	–	84,892	84,892	403	85,295
Other comprehensive income							
Foreign currency translation differences - foreign operations	–	(30)	–	–	(30)	–	(30)
Total comprehensive income for the year	–	(30)	–	84,892	84,862	403	85,265
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Issue of shares upon the exercise of options under Raffles Medical Group Employees' Share Option Scheme	6,128	–	–	–	6,128	–	6,128
Issue of shares in lieu of cash dividends of 3.5 cents per ordinary share pursuant to Raffles Medical Group Ltd Scrip Dividend Scheme	14,844	–	–	–	14,844	–	14,844
Value of employee services received for issue of share options	–	–	2,946	–	2,946	–	2,946
Final dividend paid of 3.5 cents per ordinary share - Cash	–	–	–	(4,319)	(4,319)	–	(4,319)
Final dividend paid of 3.5 cents per ordinary share - Scrip	–	–	–	(14,844)	(14,844)	–	(14,844)
Interim dividend paid of 1.0 cent per ordinary share - Cash	–	–	–	(5,535)	(5,535)	–	(5,535)
Dividends distributed to non-controlling shareholder of a subsidiary	–	–	–	–	–	(108)	(108)
Total contributions by and distributions to owners	20,972	–	2,946	(24,698)	(780)	(108)	(888)
At 31 December 2013	228,160	(115)	15,521	228,938	472,504	1,289	473,793

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

Consolidated Statement Of Changes In Equity *(cont'd)*

Year ended 31 December 2014

Group	Share capital $'000	Currency translation reserve $'000	Share option reserve $'000	Accumulated profits $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2014	228,160	(115)	15,521	228,938	472,504	1,289	473,793
Total comprehensive income for the year							
Profit for the year	–	–	–	67,639	67,639	323	67,962
Other comprehensive income							
Foreign currency translation differences - foreign operations	–	(106)	–	–	(106)	–	(106)
Total comprehensive income for the year	–	(106)	–	67,639	67,533	323	67,856
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Issue of shares upon the exercise of options under Raffles Medical Group Employees' Share Option Scheme	7,828	–	–	–	7,828	–	7,828
Issue of shares in lieu of cash dividends of 4.0 cents per ordinary share pursuant to Raffles Medical Group Ltd Scrip Dividend Scheme	18,269	–	–	–	18,269	–	18,269
Value of employee services received for issue of share options	–	–	3,363	–	3,363	–	3,363
Final dividend paid of 4.0 cents per ordinary share - Cash	–	–	–	(3,977)	(3,977)	–	(3,977)
Final dividend paid of 4.0 cents per ordinary share - Scrip	–	–	–	(18,269)	(18,269)	–	(18,269)
Interim dividend paid of 1.5 cent per ordinary share - Cash	–	–	–	(8,451)	(8,451)	–	(8,451)
Dividends distributed to non-controlling shareholder of a subsidiary	–	–	–	–	–	(140)	(140)
Total contributions by and distributions to owners	26,097	–	3,363	(30,697)	(1,237)	(140)	(1,377)
At 31 December 2014	254,257	(221)	18,884	265,880	538,800	1,472	540,272

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

Consolidated Statement Of Cash Flows

Year ended 31 December 2014

	Note	2014 $'000	2013 $'000
Cash flows from operating activities			
Profit for the year		67,962	85,295
Adjustments for:			
Changes in fair value of investment properties		(3,000)	(3,900)
Depreciation of property, plant and equipment		9,646	8,268
Equity-settled share-based payment transactions		3,363	2,946
Finance expenses		58	49
Finance income		(1,012)	(960)
Gain on disposal of a subsidiary		–	(20,388)
Gain on disposal of property, plant and equipment		(77)	(43)
Loss on disposal of property, plant and equipment		2	2
Property, plant and equipment written off		62	102
Tax expense		13,319	9,943
		90,323	81,314
Changes in working capital:			
Inventories		554	(3,638)
Trade and other receivables		4,558	(6,093)
Trade and other payables		6,638	6,512
Insurance contract provisions		1,394	3,538
Cash generated from operations		103,467	81,633
Tax paid		(9,971)	(10,422)
Interest paid		–	(20)
Net cash from operating activities		93,496	71,191
Cash flows from investing activities			
Interest received		1,032	892
Proceeds from disposal of property, plant and equipment		88	138
Proceeds from disposal of a subsidiary		–	119,232
Purchase of property, plant and equipment		(17,699)	(8,186)
Payment for investment properties under development		(189,390)	(922)
Net cash (used in)/from investing activities		(205,969)	111,154
Cash flows from financing activities			
Dividends paid to owners of the Company		(12,428)	(9,854)
Dividends paid to non-controlling interests		(140)	(108)
Proceeds from issue of shares under share option scheme		7,828	6,128
Proceeds from bank loans		62,174	49,873
Repayment of bank loans		(60,756)	(65,024)
Net cash used in financing activities		(3,322)	(18,985)
Net (decrease)/increase in cash and cash equivalents		(115,795)	163,360
Cash and cash equivalents at 1 January		265,907	102,482
Effect of exchange rate fluctuations on cash held		67	65
Cash and cash equivalents at 31 December	8	150,179	265,907

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

Notes To The Financial Statements

Year ended 31 December 2014

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 14 February 2015.

1 DOMICILE AND ACTIVITIES

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

The financial statements of the Group as at and for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the 'Group').

The principal activities of the Company are those relating to the operation of medical clinics and other general medical services.

The Group and the Company are the sole proprietor of the following:

Family Doctors
RafflesCare
Raffles Airport Medical Centre
Raffles Corporate Wellness
Raffles Dental Surgery
Raffles Healthcare Consultancy
Raffles Healthcare Institute
Raffles Health Screeners
Raffles Medical Management
Raffles Medihelp
Raffles Optica
Raffles Pharmacare
Raffles Pharmacy
Raffles Specialist Centre

The Group and the Company are the partner of the following:

Changi Medical Services LLP
Raffles International Medical Assistance LLP (formerly known as Raffles Research Labs LLP)

All transactions of these sole proprietorships and partnerships are reflected in the financial statements of the Company. The principal activities of the subsidiaries are set out in note 23 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.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

2 BASIS OF PREPARATION *(CONT'D)*

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in note 6 – classification of investment properties.

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

- Note 4 – estimation of useful lives and recoverable amounts of property, plant and equipment
- Note 6 – fair value determination of investment properties
- Note 12 – utilisation of tax losses
- Note 13 – insurance contract provisions

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Significant valuation issues are reported to the Audit Committee.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 6 – investment properties
- Note 10 – share-based payment arrangements
- Note 15 – financial instruments

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

2 BASIS OF PREPARATION *(CONT'D)*

2.5 Changes in accounting policies

Subsidiaries

As a result of FRS 110 *Consolidated Financial Statements*, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. FRS 110 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

In accordance with the transitional provisions of FRS 110, the Group reassessed the control conclusion for its investees at 1 January 2014. The Group continues to consolidate its investment in subsidiaries and there has been no impact on the recognised assets, liabilities and comprehensive income of the Group.

Disclosure of interests in other entities

FRS 112 *Disclosure of Interests in Other Entities* requires the Group to disclose its interests in subsidiaries to enables users of financial statements to evaluate the nature, risks and financial effects of these interests.

The adoption of FRS 112 has no impact on the recognised assets, liabilities and comprehensive income of the Group.

Offsetting of financial assets and financial liabilities

Under the Amendments to FRS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*, to qualify for offsetting, the right to set off a financial asset and a financial liability must not be contingent on a future event and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

The adoption of the amendment to FRS 32 has no impact on the recognised assets, liabilities and comprehensive income of the Group.

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

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

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

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

3.1 Basis of consolidation *(cont'd)*

Business combinations (cont'd)

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

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

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

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Transactions eliminated on consolidation

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

Subsidiaries in the separate financial statements

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

Foreign operations

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

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

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

3.3 Financial instruments

Non-derivative financial assets

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

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred assets. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

The Group classifies non-derivative financial assets into the following categories: loans and receivables.

Loans and receivables

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

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

3.3 Financial instruments *(cont'd)*

Non-derivative financial assets (cont'd)

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Non-derivative financial liabilities

Financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

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

Financial liabilities for contingent consideration payable in a business combination are initially measured at fair value. Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

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

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, and trade and other payables.

Share capital

Ordinary shares

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

3.4 Property, plant and equipment

Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

3.4 Property, plant and equipment *(cont'd)*

Recognition and measurement (cont'd)

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 gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

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

Depreciation

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

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

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Fixed asset work in progress is not depreciated.

The estimated useful lives for the current and comparative years 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 to 6 years
• Renovations	Shorter of 6 years and term of lease
• Facilities equipment	10 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Intangible assets and goodwill

Goodwill

Goodwill that arises upon the acquisition of businesses is included in intangible assets. For the measurement of goodwill at initial recognition, see note 3.1.

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

3.5 Intangible assets and goodwill *(cont'd)*

Other intangible assets

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

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

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

Subsequent expenditure

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

Amortisation

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

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

- Assignment fees 10 years

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

3.6 Investment properties and properties under development

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties under development are properties being constructed or developed for future use as investment properties. They are not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. Investment properties under development are measured at cost.

Cost includes expenditure that is directly attributable to the acquisition of the investment properties. The cost of self-constructed investment properties includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment properties to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of investment properties (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment properties that were previously classified as property, plant and equipment are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

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

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

3.6 Investment properties and properties under development *(cont'd)*

Transfer to, or from, investment properties are made when there is a change in use, evidenced by:

- commencement of owner-occupation, for a transfer from investment properties to property, plant and equipment; and
- end of owner-occupation, from a transfer from property, plant and equipment to investment properties.

3.7 Leased assets

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

Other leases are operating leases and are not recognised in the Group's statement of financial position.

3.8 Inventories

Inventories, comprising mainly pharmaceutical and medical supplies, are measured 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 the estimated costs of completion and estimated costs necessary to make the sale.

3.9 Impairment

Non-derivative financial assets

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

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

Loans and receivables

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

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

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

3.9 Impairment *(cont'd)*

Loans and receivables (cont'd)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds recoverable amount.

The recoverable amount of an asset or CGU 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 CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

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

3.10 Employee benefits

Defined contribution plans

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

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

3.10 Employee benefits *(cont'd)*

Short-term employee benefits

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

Share-based payment transactions

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

3.11 Provisions

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

3.12 Revenue

Rendering of services

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

Rental income

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

3.13 Lease payments

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

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

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

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

3.14 Finance income and finance expenses

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

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

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance expenses depending on whether foreign currency movements are in a net gain or net loss position.

3.15 Tax

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment properties that are measured at fair value, the presumption that the carrying amount of the investment properties will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

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

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES *(CONT'D)*

3.16 Earnings per share

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

3.17 Segment reporting

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

Segment results that are reported to the Group's Chairman include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

3.18 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company. The Group does not plan to adopt these standards early.

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

4 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land $'000	Leasehold properties $'000	Medical equipment $'000	Furniture and fittings $'000	Office equipment $'000	Motor vehicles $'000	Computers $'000	Renovations $'000	Facilities equipment $'000	Fixed asset work in progress $'000	Total $'000
Cost											
At 1 January 2013	89,583	59,156	29,569	4,718	856	528	8,652	9,397	2,235	–	204,694
Additions	–	–	2,503	619	107	–	2,664	1,015	142	1,136	8,186
Disposals	–	–	(356)	–	–	–	(58)	–	(25)	–	(439)
Write-off	–	–	(550)	(698)	(223)	(5)	(775)	(1,608)	(36)	–	(3,895)
Effect of movements in exchange rates	–	–	20	11	–	–	1	65	–	–	97
At 31 December 2013	89,583	59,156	31,186	4,650	740	523	10,484	8,869	2,316	1,136	208,643
Reclassification (to)/from investment properties (note 6)	42,714	24,486	–	–	–	–	–	–	–	(647)	66,553
Additions	–	–	11,531	637	128	–	2,485	2,450	168	300	17,699
Disposals	–	–	(882)	–	(2)	–	(27)	–	–	–	(911)
Write-off	–	–	(357)	(97)	(20)	–	(248)	(59)	(57)	–	(838)
Transfer	–	–	108	43	–	–	–	338	–	(489)	–
Effect of movements in exchange rates	–	–	43	6	2	–	5	53	–	–	109
At 31 December 2014	132,297	83,642	41,629	5,239	848	523	12,699	11,651	2,427	300	291,255

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

4 PROPERTY, PLANT AND EQUIPMENT *(CONT'D)*

Group	Leasehold land $'000	Leasehold properties $'000	Medical equipment $'000	Furniture and fittings $'000	Office equipment $'000	Motor vehicles $'000	Computers $'000	Renovations $'000	Facilities equipment $'000	Fixed asset work in progress $'000	Total $'000
Accumulated depreciation											
At 1 January 2013	6,294	7,836	19,381	2,309	626	202	5,385	7,240	1,533	–	50,806
Depreciation charge for the year	1,279	1,353	2,414	380	103	53	1,443	1,121	122	–	8,268
Disposals	–	–	(315)	–	–	–	(2)	–	(25)	–	(342)
Write-off	–	–	(542)	(620)	(220)	(5)	(774)	(1,605)	(27)	–	(3,793)
Effect of movements in exchange rates	–	–	(14)	3	–	–	2	57	–	–	48
At 31 December 2013	7,573	9,189	20,924	2,072	509	250	6,054	6,813	1,603	–	54,987
Depreciation charge for the year	1,336	1,409	3,004	434	103	50	2,005	1,171	134	–	9,646
Disposals	–	–	(869)	–	(2)	–	(27)	–	–	–	(898)
Write-off	–	–	(339)	(62)	(18)	–	(246)	(59)	(52)	–	(776)
Effect of movements in exchange rates	–	–	21	3	1	–	4	58	–	–	87
At 31 December 2014	8,909	10,598	22,741	2,447	593	300	7,790	7,983	1,685	–	63,046
Carrying amounts											
At 1 January 2013	83,289	51,320	10,188	2,409	230	326	3,267	2,157	702	–	153,888
At 31 December 2013	82,010	49,967	10,262	2,578	231	273	4,430	2,056	713	1,136	153,656
At 31 December 2014	123,388	73,044	18,888	2,792	255	223	4,909	3,668	742	300	228,209

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

4 PROPERTY, PLANT AND EQUIPMENT *(CONT'D)*

Company	Medical equipment $'000	Furniture and fittings $'000	Office equipment $'000	Motor vehicles $'000	Computers $'000	Renovations $'000	Fixed asset work in progress $'000	Total $'000
Cost								
At 1 January 2013	1,850	2,190	572	408	3,534	4,973	–	13,527
Additions	252	183	36	–	859	511	–	1,841
Write-off	(334)	(587)	(212)	(5)	(494)	(1,497)	–	(3,129)
At 31 December 2013	1,768	1,786	396	403	3,899	3,987	–	12,239
Additions	1,085	239	82	–	499	877	265	3,047
Write-off	(2)	(38)	(17)	–	(103)	(59)	–	(219)
At 31 December 2014	2,851	1,987	461	403	4,295	4,805	265	15,067
Accumulated depreciation								
At 1 January 2013	1,034	1,080	415	195	2,526	4,122	–	9,372
Depreciation charge for the year	176	174	63	41	551	514	–	1,519
Write-off	(332)	(541)	(209)	(5)	(491)	(1,496)	–	(3,074)
At 31 December 2013	878	713	269	231	2,586	3,140	–	7,817
Depreciation charge for the year	241	189	64	38	558	578	–	1,668
Write-off	(2)	(16)	(15)	–	(101)	(59)	–	(193)
At 31 December 2014	1,117	886	318	269	3,043	3,659	–	9,292
Carrying amounts								
At 1 January 2013	816	1,110	157	213	1,008	851	–	4,155
At 31 December 2013	890	1,073	127	172	1,313	847	–	4,422
At 31 December 2014	1,734	1,101	143	134	1,252	1,146	265	5,775

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

4 PROPERTY, PLANT AND EQUIPMENT *(CONT'D)*

Details of leasehold land and properties of the Group are as follows:

Description/Location	Gross Floor Area (sq m)	Tenure	Group Carrying amount 2014 $'000	Group Carrying amount 2013 $'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	814	840
A factory unit, located at 196 Pandan Loop, #06-05 Pantech Industrial Complex, Singapore 128384, held for use as a store	112.0	99 years commencing from 27/1/1984	234	241
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	1,132	1,168
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	1,438	1,480
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	900	927
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	718	739
A hospital building, located at 585 North Bridge Road, Singapore 188770, held for use as a hospital and medical centre	28,604.9*	99 years commencing from 01/03/1979	191,196	126,582
			196,432	131,977

* Includes commercial space of 201.6 sq m (2013: 3,674.6 sq m) classified as investment properties.

Source of estimation uncertainty

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

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

4 PROPERTY, PLANT AND EQUIPMENT *(CONT'D)*

Source of estimation uncertainty *(cont'd)*

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

5 INTANGIBLE ASSETS

Group	Membership rights $'000	Assignment fees $'000	Goodwill $'000	Total $'000
Cost				
At 1 January 2013, 31 December 2013 and 31 December 2014	164	612	152	928
Accumulated amortisation and impairment losses				
At 1 January 2013, 31 December 2013 and 31 December 2014	–	612	152	764
Carrying amounts				
At 1 January 2013, 31 December 2013 and 31 December 2014	164	–	–	164

Company	Membership rights $'000	Goodwill $'000	Total $'000
Cost			
At 1 January 2013, 31 December 2013 and 31 December 2014	93	152	245
Accumulated amortisation and impairment losses			
At 1 January 2013, 31 December 2013 and 31 December 2014	–	152	152
Carrying amounts			
At 1 January 2013, 31 December 2013 and 31 December 2014	93	–	93

Goodwill represents the excess of the purchase consideration over the fair value of the net identifiable assets acquired from the purchase of a clinic business. The amount was fully impaired in 2012.

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

6 INVESTMENT PROPERTIES

Group	2014 $'000	2013 $'000
At 1 January	100,400	194,500
Additions	191,453	–
Reclassification to property, plant and equipment (note 4)	(67,200)	–
Reclassification from property, plant and equipment (note 4)	647	–
Disposals	–	(98,922)
Development related costs	–	922
Changes in fair value	3,000	3,900
At 31 December	228,300	100,400

During the financial year ended 31 December 2014, premises previously leased to a third party became owner-occupied. Accordingly, a portion of the leasehold land and properties previously classified under investment properties were transferred to property, plant and equipment.

Additions of $191,453,000 relates to investment properties under development measured at cost. These properties that were under development relates to properties development expenditure for Raffles Hospital Extension and Raffles Holland Village. Fair value of the investment properties under development cannot be measured reliably, but management expects the fair value of the completed properties to be reliably measurable. These investment properties under development are accounted for using cost model until the earlier of the date when fair value of the properties can be measured reliably or the date when the development is completed.

Investment properties under development, measured at cost:

Description/Location	Tenure	Expected date of completion	Site area (sq m)	Group's effective interest	Group At cost 2014 $'000	Group At cost 2013 $'000
Raffles Hospital Extension, located at 585 North Bridge Road, Singapore 188770	99 years commencing from 01/03/1979	March 2017	1,978.1	100%	111,486	–
Raffles Holland Village, located at 100 Taman Warna, Singapore 276405	99 years commencing from 18/01/1985	March 2016	2,003.3	100%	80,614	–
					192,100	–

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

6 INVESTMENT PROPERTIES *(CONT'D)*

Investment properties, measured at fair value:

Description/Location	Gross Floor Area (sq m)	Tenure	Group Fair Value 2014 $'000	Group Fair Value 2013 $'000
Units within Raffles Hospital, located at 585 North Bridge Road, Singapore 188770	201.6 (2013: 3,674.6)	99 years commencing from 01/03/1979	19,200*	84,000*
Units within Samsung Hub, located at 3 Church Street Singapore 049483	491.0	999 years commencing from 25/01/1827	17,000	16,400
			36,200	100,400

* Includes fair value of carpark areas of about 17,628.3 sq m.

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

Measurement of fair value

(i) Fair value hierarchy

Investment properties of Raffles Hospital building and Samsung Hub are stated at fair value based on valuation performed by independent professional valuers, Jones Lang LaSalle Property Consultants Pte. Ltd., having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion. In determining the fair value, the valuers have used valuation techniques which involve certain estimates. In relying on the valuation reports, management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions.

The valuers have considered valuation techniques including the capitalisation and term and reversion approaches in arriving at the open market value as at the reporting date.

The capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The term and reversion approach capitalises net rental income on a fully leased basis with regards to the current passing rental income from existing tenancies and potential future reversionary income at the market level.

The fair value measurement for investment properties of $36,200,000 (2013: $100,400,000) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see note 2.4).

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

6 INVESTMENT PROPERTIES *(CONT'D)*

Measurement of fair value (cont'd)

(ii) ***Level 3 fair value***

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

Group	2014 $'000	2013 $'000
At 1 January	100,400	194,500
Reclassification to property, plant and equipment	(67,200)	–
Disposals	–	(98,922)
Development related costs	–	922
Gain included in other operating income		
- Changes in fair value	3,000	3,900
At 31 December	36,200	100,400

Valuation technique and significant unobservable inputs

The following table shows the Group's valuation technique used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Capitalisation approach	• Capitalisation rates (5.5% to 7.0%)	The estimated fair value varies inversely against the capitalisation rate.
Term and reversion approach	• Term and reversion rate of 3.5%	The estimated fair value varies inversely against the term and reversion rate.

Sensitivity analysis for key unobservable inputs

Investment properties

The significant unobservable inputs used in the fair value measurement are capitalisation rate and term and reversion rate. A significant decrease in the capitalisation rate and term and reversion rate in isolation would result in a significantly higher fair value measurement, and conversely, a significant increase would result in a significantly lower fair value measurement.

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

7 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Trade receivables	34,742	34,713	11,420	11,012
Allowance for doubtful receivables	(2,899)	(2,892)	(343)	(397)
Net receivables	31,843	31,821	11,077	10,615
Deposits	3,515	8,007	2,594	1,909
Staff loans	1,149	1,408	803	1,129
Other receivables	1,261	1,329	124	176
Amounts due from subsidiaries:				
-trade	–	–	2,889	1,462
-non-trade (see note below)	–	–	711	799
	37,768	42,565	18,198	16,090
Prepayments	1,881	1,663	666	570
	39,649	44,228	18,864	16,660
Non-current	2,694	–	1,614	–
Current	36,955	44,228	17,250	16,660
	39,649	44,228	18,864	16,660

	Company	
	2014	2013
	$'000	$'000
Amounts due from subsidiaries (non-trade)	2,811	2,899
Allowance for doubtful receivables	(2,100)	(2,100)
Net receivables	711	799

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

The Group and the Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables are disclosed in note 15.

8 CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Fixed deposits	134,723	151,710	91,189	115,000
Cash at bank and in hand *	15,456	114,197	2,415	105,046
	150,179	265,907	93,604	220,046

* Includes interest-bearing cash deposit

The weighted average effective interest rates per annum relating to cash and cash equivalents, at the reporting date for the Group and Company are 0.86% (2013: 0.90%) and 0.88% (2013: 1.03%) respectively.

Interest rates re-price at intervals of two weeks to one year.

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

9 SHARE CAPITAL AND RESERVES

Share capital

Group and Company	2014 No. of shares ('000)	2014 $'000	2013 No. of shares ('000)	2013 $'000
Fully paid ordinary shares, with no par value:				
At 1 January	553,848	228,160	544,817	207,188
Issue of shares under scrip dividend	5,604	18,269	4,932	14,844
Issue of shares under share option scheme	4,709	7,828	4,099	6,128
At 31 December	564,161	254,257	553,848	228,160

Ordinary shares

The holders of ordinary 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 rank equally with regard to the Company's residual assets.

During the financial year, the Company issued 5,603,972 (2013: 4,931,545) shares at $3.26 (2013: $3.01) per share to shareholders in lieu of cash dividends of 4.0 cents (2013: 3.5 cents) per ordinary share pursuant to Raffles Medical Group Ltd Scrip Dividend Scheme.

Pursuant to the option plans i.e. RMG 2000 Scheme and RMG 2010 Scheme, a total of 4,709,000 (2013: 4,099,000) new fully-paid ordinary shares were also issued during the year for cash by the Company as follows:

Date of Grant	Exercise price $	No. of Shares 2014	No. of Shares 2013
31/03/2003	0.185	–	139,000
01/04/2004	0.330	142,000	84,000
01/04/2005	0.420	142,000	168,000
03/04/2006	0.710	241,000	475,000
02/04/2007	1.150	460,000	131,000
01/04/2008	1.240	368,000	269,000
01/04/2009	0.780	809,000	501,000
01/04/2010	1.660	525,000	802,000
01/04/2011	2.200	729,000	851,000
02/04/2012	2.340	832,000	679,000
01/04/2013	3.280	461,000	–
		4,709,000	4,099,000

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 10.

Reserves

The reserves of the Group and the Company comprise the following balances:

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Currency translation reserve	(221)	(115)	–	–
Share option reserve	18,884	15,521	18,884	15,521
Accumulated profits	265,880	228,938	158,186	136,696
	284,543	244,344	177,070	152,217

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

9 SHARE CAPITAL AND RESERVES *(CONT'D)*

Currency translation reserve

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

Share option reserve

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

10 EMPLOYEE SHARE OPTIONS

RMG 2000 Scheme

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

Information regarding the scheme is as follows:

(i) Subscription price:

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

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

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

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

RMG 2010 Scheme

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

Information regarding the scheme is as follows:

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

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

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

10 EMPLOYEE SHARE OPTIONS *(CONT'D)*

RMG 2010 Scheme (cont'd)

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

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

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

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

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

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

RMG 2000 Scheme and RMG 2010 Scheme

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

	Weighted average exercise price 2014 $	**No. of options 2014 ('000)**	**Weighted average exercise price 2013 $**	**No. of options 2013 ('000)**
Outstanding at 1 January	2.178	21,200	1.690	19,966
Granted during the year	3.200	6,250	3.280	6,200
Forfeited/expired during the year	2.680	(820)	2.048	(867)
Exercised during the year	1.662	(4,709)	1.495	(4,099)
Outstanding at 31 December	2.561	21,921	2.178	21,200
Exercisable at 31 December	2.194	13,474	1.667	13,365

Options under RMG 2000 Scheme and RMG 2010 Scheme exercised in 2014 resulted in 4,709,000 ordinary shares being issued at weighted average exercise price of $1.662 each.

In 2014, 820,000 options under RMG 2000 Scheme and RMG 2010 Scheme were forfeited at weighted average exercise price of $2.680 each.

Options were exercised on a regular basis throughout the year. The weighted average share price during the year was $3.65 (2013: $3.17) per share.

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

10 EMPLOYEE SHARE OPTIONS *(CONT'D)*

RMG 2000 Scheme and RMG 2010 Scheme (cont'd)

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

Date of grant of options	Expiry date	Exercise price $	Options outstanding 2014 ('000)	Options outstanding 2013 ('000)
01/04/2004	31/03/2014	0.33	–	142
01/04/2005	31/03/2015	0.42	65	207
03/04/2006	02/04/2016	0.71	345	586
02/04/2007	01/04/2017	1.15	549	1,012
01/04/2008	31/03/2018	1.24	523	903
01/04/2009	31/03/2014	0.78	–	150
01/04/2009	31/03/2019	0.78	1,078	1,769
01/04/2010	31/03/2015	1.66	160	160
01/04/2010	31/03/2020	1.66	1,921	2,468
01/04/2011	31/03/2016	2.20	180	180
01/04/2011	31/03/2021	2.20	2,014	2,953
02/04/2012	01/04/2017	2.34	260	350
02/04/2012	01/04/2022	2.34	3,488	4,346
01/04/2013	31/03/2018	3.28	400	430
01/04/2013	31/03/2023	3.28	4,805	5,544
01/04/2014	31/03/2019	3.20	500	–
01/04/2014	31/03/2024	3.20	5,633	–
			21,921	21,200

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

Date of grant of options	Group 01/04/2014	Group 01/04/2013
Fair value of share options and assumptions		
Fair value at measurement date	\$0.530 - \$0.605	\$0.548 - \$0.593
Share price	\$3.23	\$3.29
Exercise price	\$3.20	\$3.28
Expected volatility	19.33%	22.11%
Expected option life	4.0 – 5.4 years	4.2 – 5.1 years
Expected dividend yield	1.41%	1.57%
Risk-free interest rate	2.31%	1.44%

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.

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

11 TRADE AND OTHER PAYABLES

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Trade payables	22,026	20,780	2,419	3,053
Accrued operating expenses	33,901	37,566	8,171	10,610
Amounts due to subsidiaries:				
-trade	–	–	69,487	76,591
-non-trade	–	–	19,205	6,234
Deferred income	104	681	174	–
Deposits received	481	4,182	–	–
Other payables	12,405	9,455	2,761	2,342
Other liabilities	12,482	–	–	–
	81,399	72,664	102,217	98,830
Non-current	6,913	–	174	–
Current	74,486	72,664	102,043	98,830
	81,399	72,664	102,217	98,830

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

Other liabilities relate to payment received for non-cancellable agreement from a third party. The amount is amortised and recognised in the profit or loss over the periods when certain conditions are met.

The Group and the Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 15.

12 DEFERRED TAX LIABILITIES

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

	At 1 January 2013 $'000	Recognised in profit or loss (note 17) $'000	At 31 December 2013 $'000	Recognised in profit or loss (note 17) $'000	At 31 December 2014 $'000
Group					
Property, plant and equipment	1,900	447	2,347	818	3,165
Other items	(230)	10	(220)	34	(186)
	1,670	457	2,127	852	2,979
Company					
Property, plant and equipment	399	101	500	74	574
Other items	(97)	32	(65)	14	(51)
	302	133	435	88	523

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.

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

12 DEFERRED TAX LIABILITIES *(CONT'D)*

Deferred tax assets have not been recognised in respect of the following items:

Group	2014 $'000	2013 $'000
Tax losses	1,724	1,643

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 therefrom.

13 INSURANCE CONTRACT PROVISIONS

Analysis of movements in insurance contract provisions

	2014			2013		
Group	Gross $'000	Reinsurers' share $'000	Net $'000	Gross $'000	Reinsurers' share $'000	Net $'000
At 1 January	26,508	(16,808)	9,700	11,279	(5,117)	6,162
Provision made	54,561	(26,008)	28,553	42,572	(21,425)	21,147
Provision used	(48,240)	21,081	(27,159)	(27,343)	9,734	(17,609)
At 31 December	32,829	(21,735)	11,094	26,508	(16,808)	9,700

The Group writes short-term group and individual health insurance contracts. Insurance contract provisions represent the Group's liabilities to the insured under insurance contracts whether reported or not reported as at the balance sheet date. Historical data collated by management were used for determining the expected ultimate claims liability. This data was also supplemented by externally available information on industry statistics and trend.

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

Source of estimation uncertainty

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

14 LOANS AND BORROWINGS

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Current liabilities				
Unsecured bank loans	6,391	4,755	6,391	4,755

Information about the Group's and the Company's exposure to interest rate, foreign currency and liquidity risk is included in note 15.

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

14 LOANS AND BORROWINGS *(CONT'D)*

Terms and debt repayment schedule

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

Group and Company	Currency	Effective interest rate %	Year of maturity	2014 Face value $'000	2014 Carrying amount $'000	2013 Face value $'000	2013 Carrying amount $'000
Fixed rate loan	HK$	1.15	2015	6,391	6,391	–	–
Fixed rate loan	HK$	1.04	2014	–	–	4,755	4,755

15 FINANCIAL INSTRUMENTS

Financial risk management

Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board through the Audit Committee is responsible for developing and monitoring the Group's risk management policies.

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

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

Credit risk

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

The carrying amount of financial assets in the statement of financial position represents the Group and the Company's respective maximum exposure to credit risk, before taking into account any collateral held.

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

15 FINANCIAL INSTRUMENTS *(CONT'D)*

Credit risk (cont'd)

Trade and other receivables

Risk management policy

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

The Group'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.

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.

Exposure to credit risk

The maximum exposure to credit risk at the reporting date was:

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Trade and other receivables (excluding prepayments)	37,768	42,565	18,198	16,090
Cash and cash equivalents	150,179	265,907	93,604	220,046
Recognised financial assets	187,947	308,472	111,802	236,136

Impairment losses

The ageing of trade and other receivables (excluding prepayments) at the reporting date was:

	Gross 2014 $'000	Impairment losses 2014 $'000	Gross 2013 $'000	Impairment losses 2013 $'000
Group				
No credit terms	4,776	–	9,336	–
Neither past due nor impaired	14,742	–	10,131	–
Past due 0 – 30 days	6,774	–	9,280	–
Past due 31 – 180 days	10,780	11	11,119	820
Past due 181 – 365 days	2,993	2,286	5,291	1,776
More than one year	602	602	300	296
	40,667	2,899	45,457	2,892
Company				
No credit terms	5,529	2,100	4,984	2,100
Neither past due nor impaired	7,827	–	4,276	–
Past due 0 – 30 days	2,158	–	3,672	–
Past due 31 – 180 days	4,071	–	4,277	–
Past due 181 – 365 days	1,056	343	1,378	397
More than one year	–	–	–	–
	20,641	2,443	18,587	2,497

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

15 FINANCIAL INSTRUMENTS *(CONT'D)*

Credit risk (cont'd)

Impairment losses (cont'd)

The Group and the Company believes that the unimpaired amounts that are past due are still collectible in full, based on historic payment behaviour and extensive analyses of customer credit risk, including underlying customers' credit ratings, when available.

The movement in the allowance for impairment in respect of trade and other receivables (excluding prepayments) during the year was as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
At 1 January	2,892	2,678	2,497	2,500
Impairment loss recognised	1,342	707	599	463
Impairment loss utilised	(1,335)	(493)	(653)	(466)
At 31 December	2,899	2,892	2,443	2,497

Based on the Group's monitoring of customer credit risk, the Group believes that apart from the above, no impairment allowance is necessary in respect of trade receivables not past due or past due by up to 30 days.

Cash and cash equivalents

The Group and the Company held cash and cash equivalents of $150,179,000 and $93,604,000 respectively at 31 December 2014 (2013: $265,907,000 and $220,046,000 respectively) – these figures represent their maximum credit exposures on these assets. The cash and cash equivalents are held with bank and financial institution counterparties which are rated A- to AA-, based on rating agency Standard & Poor's ratings.

Liquidity risk

Risk management policy

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

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

The Group has contractual commitments to complete the development of the Raffles Hospital Extension and Raffles Holland Village (see note 21).

Exposure to liquidity risk

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

	Carrying amount $'000	**Contractual cash flows $'000**	**Within 1 year $'000**	**More than 1 year $'000**
Group				
31 December 2014				
Non-derivative financial liabilities				
Unsecured bank loans	6,391	(6,403)	(6,403)	–
Trade and other payables*	81,295	(81,295)	(74,382)	(6,913)
	87,686	(87,698)	(80,785)	(6,913)

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

15 FINANCIAL INSTRUMENTS *(CONT'D)*

Liquidity risk (cont'd)

Exposure to liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	More than 1 year $'000
Group				
31 December 2013				
Non-derivative financial liabilities				
Unsecured bank loans	4,755	(4,759)	(4,759)	–
Trade and other payables*	71,983	(71,983)	(71,983)	–
	76,738	(76,742)	(76,742)	–
Company				
31 December 2014				
Non-derivative financial liabilities				
Unsecured bank loans	6,391	(6,403)	(6,403)	–
Trade and other payables*	102,043	(102,043)	(102,043)	–
	108,434	(108,446)	(108,446)	–
31 December 2013				
Non-derivative financial liabilities				
Unsecured bank loans	4,755	(4,759)	(4,759)	–
Trade and other payables*	98,830	(98,830)	(98,830)	–
	103,585	(103,589)	(103,589)	–

* Excludes deferred income

Market risk

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

Currency risk

Risk management policy

The Group is exposed to currency risk on borrowings that is denominated in Hong Kong dollar (HKD). 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.

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Singapore dollar by 10% against HKD at 31 December would have increased (decreased) profit or loss by $639,000 (2013: $476,000). The analysis assumes that all other variables, in particular interest rates, remain constant.

Interest rate risk

Risk management policy

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.

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

15 FINANCIAL INSTRUMENTS *(CONT'D)*

Interest rate risk (cont'd)

Exposure to interest rate risk

At reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to the management, was as follows:

	Group Nominal amount		Company Nominal amount	
	2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**
Fixed rate instruments				
Financial liabilities	6,391	4,755	6,391	4,755
	6,391	4,755	6,391	4,755

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity excluding non-controlling interests. The Board also monitors the levels of dividends to ordinary shareholders. In addition, the Board and senior management also monitors the Group's capital adequacy and insurance fund solvency levels against regulatory requirements.

To mitigate exposure to large risks underwritten that can impact the financial strength of the Group, it has put in place robust underwriting guidelines and reinsurance arrangements to control its insurance risk exposure. The Group further stress-tests its financial position and capital adequacy under various stress scenarios to assess its financial stability.

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

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

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 were no changes 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 Raffles Health Insurance Pte Ltd which is required to comply with the regulatory capital requirement prescribed under the Singapore Insurance Act. Under the Risk-based Capital Framework regulation set by the Monetary Authority of Singapore (MAS), insurance companies are required to satisfy minimum prescribed capital adequacy ratio (CAR) and fund solvency ratio (FSR).

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

15 FINANCIAL INSTRUMENTS *(CONT'D)*

Accounting classifications and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Note	Loans and receivables $	Other financial liabilities $	Total $	Fair value $
Group					
31 December 2014					
Trade and other receivables #	7	37,768	–	37,768	37,768
Cash and cash equivalents	8	150,179	–	150,179	150,179
		187,947	–	187,947	187,947
Trade and other payables*	11	–	(81,295)	(81,295)	(81,295)
Loans and borrowings	14	–	(6,391)	(6,391)	(6,391)
		–	(87,686)	(87,686)	(87,686)
31 December 2013					
Trade and other receivables #	7	42,565	–	42,565	42,565
Cash and cash equivalents	8	265,907	–	265,907	265,907
		308,472	–	308,472	308,472
Trade and other payables*	11	–	(71,983)	(71,983)	(71,983)
Loans and borrowings	14	–	(4,755)	(4,755)	(4,755)
		–	(76,738)	(76,738)	(76,738)
Company					
31 December 2014					
Trade and other receivables #	7	18,198	–	18,198	18,198
Cash and cash equivalents	8	93,604	–	93,604	93,604
		111,802	–	111,802	111,802
Trade and other payables*	11	–	(102,043)	(102,043)	(102,043)
Loans and borrowings	14	–	(6,391)	(6,391)	(6,391)
		–	(108,434)	(108,434)	(108,434)
31 December 2013					
Trade and other receivables #	7	16,090	–	16,090	16,090
Cash and cash equivalents	8	220,046	–	220,046	220,046
		236,136	–	236,136	236,136
Trade and other payables*	11	–	(98,830)	(98,830)	(98,830)
Loans and borrowings	14	–	(4,755)	(4,755)	(4,755)
		–	(103,585)	(103,585)	(103,585)

Excludes prepayments
* Excludes deferred income

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

15 FINANCIAL INSTRUMENTS *(CONT'D)*

Determination of fair values

Non-derivative financial liabilities

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement 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.

16 PROFIT FOR THE YEAR

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

Group	2014 $'000	2013 $'000
Allowance for doubtful receivables	1,342	707
Changes in fair value in investment properties	(3,000)	(3,900)
Contributions to defined contribution plans, included in staff costs	8,191	7,583
Gain on disposal of a subsidiary	–	(20,388)
Gain on disposal of property, plant and equipment	(77)	(43)
Loss on disposal of property, plant and equipment	2	2
Write-off for stock obsolescence	200	119
Interest expense		
- bank loans	58	49
Interest income	(1,012)	(960)
Audit fees paid to:		
- auditors of the Company	123	123
- other auditors	11	11
Non-audit fees paid to:		
- auditors of the Company	14	124
- other auditors	11	10
Property, plant and equipment written-off	62	102
Value of employee services received for issue of share options, included in staff costs	3,363	2,946

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

17 TAX EXPENSE

Group	2014 $'000	2013 $'000
Tax recognised in profit or loss		
Current tax expense		
Current year	12,614	10,469
Adjustment for prior years	(147)	(983)
	12,467	9,486
Deferred tax expense		
Movements in temporary differences	713	457
Adjustment for prior years	139	–
	852	457
Tax expense	13,319	9,943
Reconciliation of effective tax rate		
Profit before tax	81,281	95,238
Tax using the Singapore tax rate of 17% (2013: 17%)	13,818	16,190
Non-deductible expenses	1,166	1,217
Tax exempt income	(710)	(4,363)
Tax incentives	(1,046)	(2,225)
Tax effect of unrecognised tax losses	6	54
Overprovided in prior years	(8)	(983)
Others	93	53
	13,319	9,943

18 EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share at 31 December 2014 was based on the profit attributable to ordinary shareholders of $67,639,000 (2013: $84,892,000), and a weighted average number of ordinary shares outstanding of 559,426,440 (2013: 550,127,837), calculated as follows:

Profit attributable to ordinary shareholders

Group	2014 $'000	2013 $'000
Basic earnings per share is based on:		
Profit attributable to ordinary shareholders	67,639	84,892

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

18 EARNINGS PER SHARE *(CONT'D)*

Basic earnings per share *(cont'd)*

Weighted average number of ordinary shares

Group	No. of shares ('000)	No. of shares ('000)
Issued ordinary shares at beginning of the year	553,848	544,817
Effect of scrip dividend shares issued	2,902	2,540
Effect of share options exercised	2,676	2,771
Weighted average number of ordinary shares during the year	559,426	550,128

Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2014 was based on profit attributable to ordinary shareholders of $67,639,000 (2013: $84,892,000), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 565,508,120 (2013: 556,905,918), calculated as follows:

Profit attributable to ordinary shareholders (diluted)

Group	2014 $'000	2013 $'000
Diluted earnings per share is based on:		
Profit attributable to ordinary shareholders	67,639	84,892

Weighted average number of ordinary shares

Group	2014 No. of shares ('000)	2013 No. of shares ('000)
Weighted average number of ordinary share (basic)	559,426	550,128
Potential ordinary shares issuable under share options	6,082	6,778
Weighted average number of ordinary shares (diluted) during the year	565,508	556,906

At 31 December 2014, nil options (2013: nil) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

19 OPERATING SEGMENTS

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

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

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

Inter-segment pricing is determined on mutually agreed terms.

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

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

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

19 OPERATING SEGMENTS *(CONT'D)*

Information about reportable segments

	Healthcare services		Hospital services		Investment holdings		Total	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Revenue and expenses								
External revenue	140,073	124,481	250,821	231,302	14,727	10,285	405,621	366,068
Inter-segment revenue	1,995	1,657	15,138	14,758	13,847	8,664	30,980	25,079
Finance expenses	(58)	(34)	–	–	–	(15)	(58)	(49)
Depreciation of property, plant and equipment	(2,694)	(2,286)	(4,172)	(3,332)	(194)	(177)	(7,060)	(5,795)
Reportable segment profit before tax	12,293	10,603	60,811	56,829	10,763	9,891	83,867	77,323
Reportable segment assets	581,003	511,212	134,152	120,329	433,750	245,831	1,148,905	877,372
Capital expenditure	4,132	3,141	13,551	4,245	191,469	1,722	209,152	9,108
Reportable segment liabilities	145,533	132,593	59,587	54,086	363,927	203,383	569,047	390,062

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

19 OPERATING SEGMENTS *(CONT'D)*

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

	2014 $'000	2013 $'000
Revenues		
Total revenue for reportable segments	405,621	366,068
Elimination of inter-segment revenue	(30,980)	(25,079)
Consolidated revenue	374,641	340,989
Profit or loss		
Total profit for reportable segments	83,867	77,323
Adjustment for depreciation of property, plant and equipment	(2,586)	(2,473)
Gain on disposal of a subsidiary	–	20,388
Consolidated profit before tax	81,281	95,238
Assets		
Total assets for reportable segments	1,148,905	877,372
Elimination of inter-segment assets	(493,878)	(303,937)
Consolidated total assets	655,027	573,435
Liabilities		
Total liabilities for reportable segments	569,047	390,062
Elimination of inter-segment liabilities	(470,163)	(302,943)
Unallocated amounts-current tax and deferred tax liabilities	15,871	12,523
Consolidated total liabilities	114,755	99,642

Other material items

	Reportable segment totals $'000	Adjustments $'000	Consolidated totals $'000
2014			
Depreciation of property, plant and equipment	7,060	2,586	9,646
2013			
Depreciation of property, plant and equipment	5,795	2,473	8,268

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

For the preparation of the consolidated financial statements, the hospital building is reclassified from investment property to property, plant and equipment as the building is used in the supply of hospital services by the Group. Accordingly, the carrying value of the hospital building is depreciated over its useful life in the consolidated financial statements of the Group.

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

19 OPERATING SEGMENTS *(CONT'D)*

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items (cont'd)

The amount of $2,586,000 (2013: $2,473,000) relates to the depreciation of the hospital building for the year ended 31 December 2014.

Geographical segments

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

Major customer

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

20 OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Within 1 year	8,300	6,896	6,058	5,378
Between 1 and 5 years	9,735	8,480	7,323	5,762
	18,035	15,376	13,381	11,140

The leases typically run for an initial period of 3-6 years, with an option to renew the lease after that date. For renewed leases, the lease payments are determined based on the prevailing market rent at the point of renewal.

Leases as lessor

The Group leases out its investment properties. The future minimum lease receivables under non-cancellable leases are as follows:

Group	2014 $'000	2013 $'000
Within 1 year	1,882	2,718
Between 1 and 5 years	779	3,498
	2,661	6,216

During the year, $3,490,000 (2013: $3,314,000) was recognised as rental income pertaining to investment properties held by the Group. Direct expenses in relation to this rental income were as follows:

Group	2014 $'000	2013 $'000
Income-generating property	163	153

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

21 COMMITMENTS

At 31 December 2014, commitments contracted but not provided for by the Group in the financial statements amounted to $40,660,000 (2013: $50,543,000). This relates to properties development expenditure for Raffles Hospital Extension and Raffles Holland Village.

22 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Key management personnel compensation

In addition to their salaries, the Group also provides non-cash benefits to directors and executives.

Key management personnel participate in the Employee Share Option Scheme. 980,000 (2013: 1,050,000) share options were granted to the key management personnel 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 10. At the reporting date, 2,805,000 (2013: 2,678,000) of the share options granted to the directors of the Company were outstanding.

Key management personnel compensation comprised:

Group	2014 $'000	2013 $'000
Directors' remuneration included in staff costs (including CPF)	11,790	13,544
Directors' fees	344	306
Share-based benefits	338	492
	12,472	14,342

23 SUBSIDIARIES

Company	2014 $'000	2013 $'000
Investments in subsidiaries	40,437	38,555
Amounts due from subsidiaries	380,909	203,029
	421,346	241,584

Amounts due from subsidiaries form part of the Company's net investment in subsidiaries. The amounts due from subsidiaries are unsecured, interest-free and settlement is neither planned nor likely to occur in the foreseeable future. As the amount is, in substance, a part of the Company's net investment in the entities, it is stated at cost, less accumulated impairment loss.

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

23 SUBSIDIARIES

Details of subsidiaries are as follows:

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity interest held by the Group 2014 %	2013 %
[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
Raffles Research Labs Pte Ltd (formerly known as Raffles International Medical Assistance Pte Ltd)	Research & experimental development on Biotechnology, Life & Medical Science	Singapore	100[1]	100[2]
[1]Raffles Chinese Medicine Pte Ltd	Provision of general medical services, acupuncture and acupressure	Singapore	100	100
[1]Raffles Japanese Clinic Pte Ltd and its subsidiary:	Operation of medical clinics and provision of medical services	Singapore	80	80
[2]RJC Ltd	Investment holding (dormant)	Japan	80	–
[1]Raffles Health Pte Ltd	Trading in pharmaceutical nutraceutical products and 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 subsidiaries:	Investment holding	Singapore	100	100
[4]Raffles Medical Group (Hong Kong) Limited and its subsidiaries:	Investment holding and provision of medical and dental services	Hong Kong	100	100
[4]Coors Consultants Limited	Provision of consultancy services	Hong Kong	100	100
[4]Medical Properties Co. Limited	Investment holding, provision of medical services and hospital operation	Hong Kong	100	100

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

23 SUBSIDIARIES *(CONT'D)*

Details of subsidiaries are as follows:*(cont'd)*

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity interest held by the Group 2014 %	2013 %
[5]Renguang Management Consultancy (Shanghai) Co. Ltd	Management consultancy	China	100	100
[1]Raffles Health Insurance Pte Ltd	Provision of health and related insurance	Singapore	100	100
[2]PT Raffles Medika Indonesia	Provision of hospital and healthcare management and consultancy services	Indonesia	100[3]	100[3]
[2]Raffles SurgiCentre Pte Ltd	Provision of general and specialised medical services and operation of a hospital (dormant)	Singapore	100	100
[1]Raffles Medical China Pte Ltd and its subsidiaries:	Investment holding and provision of medical services and hospital operation	Singapore	100	100
[2]Shenzhen Investments Pte Ltd	Investment holding (dormant)	Singapore	100	100
[2]Shanghai Capital Pte Ltd	Investment holding (dormant)	Singapore	100	100
[1]RMG Capital Pte Ltd and its subsidiary:	Investment holding	Singapore	100	100
[1]Asian Healthcare Capital Management Pte Ltd	Property owner	Singapore	100	100
[2]International Medical Investment Co., Ltd	Investment holding (dormant)	British Virgin Islands	100	100

1 Audited by KPMG LLP, Singapore
2 Not required to be audited
3 Shares of this subsidiary are partially held in trust by a director and an employee of the subsidiary
4 Audited by Lawrence Cheung C.P.A. Company Limited., Hong Kong
5 Audited by Shanghai Deking Certified Public Accountants Co., Ltd

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

Notes To The Financial Statements *(cont'd)*

Year ended 31 December 2014

24 DIVIDENDS

After the respective reporting dates, the directors proposed a one-tier tax exempt final dividend of 4.0 cents (2013: 4.0 cents) per share amounting approximately to $22,566,000 (2013: $22,154,000), which is based on the number of shares outstanding as at the end of the financial year. The dividends have not been provided for and there are no income tax consequences.

Shareholdings Statistics

As at 11 March 2015

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 2015, approximately 42.2% 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 – 99	161	2.37	5,890	0.00
100 – 1,000	1,037	15.28	640,758	0.11
1,001 – 10,000	4,446	65.53	15,886,179	2.81
10,001 – 1,000,000	1,122	16.54	46,133,346	8.17
1,000,001 and above	19	0.28	502,239,661	88.91
	6,785	100.00	564,905,834	100.00

TWENTY LARGEST SHAREHOLDERS
As shown in the Register of Members and Depository Register

No.	Name of Shareholder	No. of Shares	%
1	Raffles Medical Holdings Pte Ltd	209,165,831	37.03
2	Loo Choon Yong	56,474,842	10.00
3	DBS Nominees Pte Ltd	38,785,248	6.87
4	Citibank Nominees Singapore Pte Ltd	36,385,936	6.44
5	DBSN Services Pte Ltd	28,722,203	5.08
6	BNP Paribas Securities Services	26,815,581	4.75
7	Raffles Nominees (Pte) Ltd	26,093,720	4.62
8	HSBC (Singapore) Nominees Pte Ltd	20,465,087	3.62
9	S & D Holdings Pte Ltd	18,507,722	3.28
10	United Overseas Bank Nominees Pte Ltd	12,399,881	2.20
11	UOB Nominees (2006) Pte Ltd	8,192,324	1.45
12	Tan Tiang Lee	4,424,497	0.78
13	Asian Medical Foundation Ltd	4,363,911	0.77
14	Yang Ching Yu	3,510,712	0.62
15	Yii Hee Seng	2,675,023	0.47
16	Morgan Stanley Asia (S) Securities Pte Ltd	1,587,745	0.28
17	OCBC Nominees Singapore Pte Ltd	1,300,712	0.23
18	Tan Soo Nan	1,277,686	0.23
19	Wee Beng Geok	1,091,000	0.19
20	Low Keok Giap	918,054	0.16
		503,157,715	89.07

The Company does not have any treasury shares.

Shareholdings Statistics *(cont'd)*

As at 11 March 2015

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	%	Deemed Interest	%	Total Interest	%
Dr Loo Choon Yong[1]	56,595,771	10.02	236,375,048	41.84	292,970,819	51.86
Raffles Medical Holdings Pte Ltd	217,358,155	38.48	–	–	217,358,155	38.48
Aberdeen Asset Management PLC[2]	–	–	30,398,297	5.38	30,398,297	5.38
Aberdeen Asset Management Asia Limited[3]	–	–	28,660,797	5.07	28,660,797	5.07

Notes:

1 *Dr Loo Choon Yong is deemed to be interested in an aggregate of 236,375,048 shares held through Raffles Medical Holdings Pte Ltd in which he is a director and shareholder of, S & D Holdings Pte Ltd in which he is a director and shareholder of, and his spouse, Mdm Leong Lai Chee.*

2 *Aberdeen Asset Management PLC is deemed to be interested in an aggregate of 30,398,297 shares held by various accounts managed or advised by its subsidiaries over which its subsidiaries have disposal and voting rights.*

3 *Aberdeen Asset Management Asia Limited (AAMAL) is deemed to be interested in an aggregate of 28,660,797 shares held by various accounts managed or advised by AAMAL over which AAMAL has disposal and voting rights.*

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 26th Annual General Meeting (AGM) of Raffles Medical Group Ltd (the Company) will be held at **Ngee Ann Kongsi Auditorium, School of Accountancy & School of Law, Singapore Management University (SMU), 60 Stamford Road, Level 2, Singapore 178900,** on **Thursday, 23 April 2015** at **11.30 a.m.** for the purpose of considering and, if thought fit, passing with or without modification, the following resolutions as Ordinary Resolutions:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report, Audited Financial Statements for the year ended 31 December 2014 and the Auditors' Report thereon. **[Resolution 1]**

2. To declare a one-tier tax exempt final dividend of 4.0 Singapore cents per share for the year ended 31 December 2014 (2013: 4.0 Singapore cents per share). **[Resolution 2]**

3. To approve Directors' Fees ($287,600) for the year ended 31 December 2014 (2013: $253,000). **[Resolution 3]**

4. To re-appoint Professor Lim Pin, under Section 153(6) of the Singapore Companies Act, to hold office as a Director from the date of this AGM until the next AGM. **[Resolution 4]**

5. To re-elect Mr Olivier Lim Tse Ghow, who is retiring in accordance with Article 92 of the Articles of Association of the Company, and who, being eligible, will offer himself for re-election. **[Resolution 5]**

6. To re-elect Mr Tan Soo Nan, who is retiring by rotation in accordance with Article 93 of the Articles of Association of the Company, and who, being eligible, will offer himself for re-election. **[Resolution 6]**

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

AS SPECIAL BUSINESS

8. Authority to Allot and Issue Shares

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

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

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

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

(b) (notwithstanding that the authority conferred by this Resolution 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 Resolution was in force,

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares) in the 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 shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (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 percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, 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 Resolution is passed; and

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

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST 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

Notice of Annual General Meeting *(cont'd)*

AS SPECIAL BUSINESS *(CONT'D)*

8. Authority to Allot and Issue Shares *(cont'd)*

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier. **[Resolution 8]**

9. Authority to Allot and Issue Shares Under the Raffles Medical Group Share Option Scheme

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

10. The Proposed Renewal of Share Buy Back Mandate

That:

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

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

(ii) an off-market purchase of Shares (Off-Market Equal Access Share Buy Back) (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 Singapore 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 Shareholders in a 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 AGM of the Company is held; or

(ii) the date by which the next AGM 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 a 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 Manual of the SGX-ST, for any corporate action that occurs after the relevant five-market day period;

"date of the making of the offer" means the date on which the Company announces its intention to make an offer for an Off-Market Equal Access Share Buy Back, stating the purchase price (which shall not be more than 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 Shares representing ten per cent (10%) of the issued Shares of the Company as at the date of the passing of this Resolution; and

"Maximum Price" in relation to a 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 an On-Market Share Buy Back of a Share, more than five per cent (5%) of the Average Closing Price (as defined above) of the Share;

(ii) and in the case of an Off-Market Equal Access Share Buy Back of a Share, more than five per cent (5%) of the Average Closing Price of the Share; and

Notice of Annual General Meeting *(cont'd)*

AS SPECIAL BUSINESS *(CONT'D)*

10. The Proposed Renewal of Share Buy Back Mandate *(cont'd)*

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

11. Authority to Issue Ordinary Shares Pursuant to the Raffles Medical Group Ltd Scrip Dividend Scheme

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

BY ORDER OF THE BOARD

Kimmy Goh
Mary Khoo
Company Secretaries

Singapore, 8 April 2015

Explanatory Notes:

Ordinary Resolution 3 above, if passed, is to seek approval for the payment of up to $287,600 to all Directors as Directors' Fees for the year ended 31 December 2014.

In relation to Ordinary Resolution 4 above, Professor Lim Pin is considered an Independent Director and will, upon re-appointment, continue to serve as a member of the Nomination & Compensation Committee.

In relation to Ordinary Resolution 5 above, Mr Olivier Lim Tse Ghow is considered a Non-Independent Director.

In relation to Ordinary Resolution 6 above, Mr Tan Soo Nan is considered a Non-Independent Director.

Ordinary Resolution 8 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the date of the next AGM to allot and issue shares and convertible securities in the Company up to an amount not exceeding in total 50% of the total number of issued shares (excluding treasury shares) in the 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 total number of issued shares (excluding treasury shares) in the capital of the Company, for the time being.

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

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

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

Notes:

1. *A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a member of the Company.*

2. *The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 585, North Bridge Road, Raffles Hospital, #11-00, Singapore 188770, not less than 48 hours before the time fixed for holding the Meeting.*

3. *Personal Data Privacy: Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, the member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the Purposes); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

ANNUAL GENERAL MEETING PROXY FORM

Raffles Medical Group Ltd

(Incorporated in Singapore)
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 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.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 8 April 2015.

I/We ______________________________

of ______________________________

being a member/members of Raffles Medical Group (the Company) hereby appoint:

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

And/or (delete as appropriate)

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

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, and if necessary, to demand a poll at the Annual General Meeting of the Company to be held at **Ngee Ann Kongsi Auditorium, School of Accountancy & School of Law, Singapore Management University (SMU), 60 Stamford Rd, Level 2, Singapore 178900,** on **Thursday, 23 April 2015** at **11.30 a.m.** and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolution to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion.

No.	RESOLUTIONS	No. of Votes For*	No. of Votes Against*
	ORDINARY BUSINESS		
1.	Adoption of Directors' Report, Audited Financial Statements and Auditors' Report		
2.	Declaration of Final Dividend		
3.	Approval of Directors' Fees		
4.	Re-appointment of Professor Lim Pin under Section 153 (6) of the Singapore Companies Act		
5.	Re-election of Mr Olivier Lim Tse Ghow, who is retiring in accordance with Article 92 of the Articles of Association of the Company		
6.	Re-election of Mr Tan Soo Nan, who is retiring by rotation in accordance with Article 93 of the Articles of Association of the Company		
7.	Re-appointment of KPMG LLP as Auditors		
	SPECIAL BUSINESS		
8.	Authority to Allot and Issue Shares		
9.	Authority to Allot and Issue Shares Under the Raffles Medical Group Share Option Scheme		
10.	The Proposed Renewal of Share Buy Back Mandate		
11.	Authority to Issue Ordinary Shares Pursuant to the Raffles Medical Group Ltd Scrip Dividend Scheme		

* If you wish to vote all your shares "For" or "Against" the relevant resolution, please indicate with an "X" in the relevant box provided above. Altenatively, please indicate the number of votes placed accordingly.

Dated this __________ day of ____________________ 2015

____
Signature of Member(s) or Common Seal

Total Number of Shares Held	

IMPORTANT: PLEASE READ NOTES OVERLEAF

Fold this Flap for sealing

Affix
Stamp
Here
Please

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

2nd Fold Here

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

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

A corporation which is a member may authorise by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the 26th Annual General Meeting, in accordance with Section 179 of the Singapore Companies Act, Chapter 50.

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

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

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RafflesMedicalGroup
Company Registration No. 198901967K
585 North Bridge Road
Raffles Hospital #11-00
Singapore 188770
Telephone : (65) 6311 1111
Fascimile : (65) 6338 1318
www.rafflesmedicalgroup.com